

Press Release

ALPHA PRINT MANAGEMENT SOLUTIONS

December 08, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) on the Rs. 10.00 crore bank facilities of ALPHA PRINT MANAGEMENT SOLUTIONS. The outlook is '**Stable**'.

Alpha Print Management Solutions (APMS) was established in 2015 by Mr. Majid Yusuf Patanwala, Mrs. Hawa Majid Patanwala and Mrs. Nailah Majid Patanwala. The company deals in HP cartridges and directly caters to end users. The registered office is located at Bangalore, Karnataka.

Key Rating Drivers

Strengths

- **Experienced management**

The Partner, Mr. Yusuf Patanwala has extensive experience of over a decade in the industry.

- **Moderate scale of operations**

The revenue stood at a moderate Rs.24.88 crore in FY2017, an increase from Rs.10.38 crore in FY2016.

Weaknesses

- **Weak financial risk profile**

The financial risk profile is weak marked by low net worth of Rs.0.51 crore in FY2017, an increase from Rs.0.21 crore in FY2016, mainly on account of retention of current year profit. The Debt equity stood at a high of 11.48 times in FY2017 as compared to 15.84 times in FY2016. The Interest coverage ratio (ICR) stood at a moderate 1.93 times in FY2017 and debt service coverage ratio (DSCR) at 1.93 times. The Net cash accrual to total debt stood at a low of - negative 0.04 times in FY2017. Going forward, the ratios are expected to improve as the company has no debt funded capex plans.

- **Working capital intensive operations**

The operations are working capital intensive marked by gross current asset days of 173 during FY2017 and 322 days in FY2016. This necessitates working capital requirements as major funds gets blocked in debtors and inventory. The debtor and inventory days stood at 49 and 60 respectively in FY2017 and 260 and 51 days in FY2016 respectively.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of APMS.

Outlook: Stable

SMERA believes that APMS will maintain a stable outlook in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improving its working capital management. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenue and profitability or deterioration in its financial risk profile.

About the Rated Entity - Key Financials

For FY2016-17, APMS reported profit after tax (PAT) of Rs 0.37 crore on total operating income of Rs.24.88 crore, compared with PAT of Rs.0.25 crore on total operating income of Rs.10.38 crore in FY2015-16.

Status of non-cooperation with previous CRA (if applicable)

NA

Any other information

NA

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA B / Stable

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