

Press Release

Shweta Print Pack Private Limited

17 March, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs.55.00 Cr.
Long Term Rating	SMERA BBB/ Outlook: Stable
Short Term Rating	SMERA A3+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA BBB**' (read as **SMERA triple B**) and short term rating of '**SMERA A3+**' (read as **SMERA A three plus**) on the Rs. 55.00 crore bank facilities of Shweta Print Pack Private Limited (SPPL). The outlook is '**Stable**'.

Incorporated in 1983, SPPPL commenced operations from 1992 in the manufacturing of corrugated and printed boxes, polybags for industrial use. The company is Nashik-based and promoted by Mr. Avinash Ghuge and Mr. Anil Ghuge. The installed production capacity of the company is 26,000 tonnes per annum.

Key rating drivers

Strengths

Established track record of operations and experienced management: SPPPL has established operational track record of more than two decades in the industry. This has helped the company maintain long term relations with customers and suppliers. The company also benefits from its experienced promoters, Mr. Avinash Ghuge and Mr. Anil Ghuge who possess around three decades of experience in the manufacturing business.

Reputed and diversified clientele: The company caters to a reputed client base including Schneider, Siemens, Bosch and Prestige across automobile, electrical, electronics, chemical industries.

Comfortable financial risk profile: The financial risk profile is comfortable marked by tangible networth of Rs. 30.50 crore as on 31 March, 2017 as against Rs.26.96 crore in the previous year. The gearing stood at 1.03 times as on 31 March, 2017 as against 0.98 times in the previous year. The total debt of Rs. 31.39 crore includes term loans from bank of Rs. 7.65 crore, unsecured loans of Rs. 3.03 crore and working capital funds of Rs. 20.71 crore. The Interest Coverage Ratio (ICR) stood at 3.44 times for FY2017 as against 3.30 times in FY2016. This is mainly due to improvement in profitability in FY2017. The Debt Service Coverage Ratio (DSCR) stood at 1.59 times as on 31 March, 2017 as against 1.94 times in the previous year. The Net Cash Accruals to Total Debt (NCA/TD) stood at 0.17 times in FY2017 and FY2016. Going forward, SMERA expects the company to maintain its financial risk profile in the absence of major debt funded capex plan.

Comfortable liquidity position: SPPPL generated net cash accruals of Rs. 5.33 crore as on 31 March, 2017 against CPTLD of Rs. 2.10 crore providing greater financial flexibility. The cash credit limit utilisation stood at 83 percent for the last six month ended February, 2018. The liquidity is expected to remain comfortable over the medium term owing to sufficient cash flows and net cash accruals from business.

Weaknesses

Working-capital intensive operations: The operations are working capital intensive evident from the GCA days of 129 in FY2017 as against 123 in FY2016. This is majorly on account of stretched debtor days of 89 in FY2017 as against 87 days in FY2016. The average bank limit utilisation stood at 83.55 percent for the last six months ended February 2018.

Highly competitive and fragmented industry: The company is exposed to intense competition in the industry from medium to large sized players affecting its operating margins.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of Shweta Print Pack Private Limited to arrive at the rating.

Outlook – Stable

SMERA believes that SPPPL will maintain a stable outlook on account of its experienced management and established relations with reputed clientele. The outlook may be revised to 'Positive' in case the company achieves significant growth in revenue and profitability while maintaining comfortable capital structure and liquidity. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial risk profile or liquidity profile due to higher than expected debt funded capex plan.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	99.54	91.60	83.74
EBITDA	Rs. Cr.	10.07	9.07	7.79
PAT	Rs. Cr.	3.66	3.10	2.77
EBITDA Margin	(%)	10.12	9.91	9.30
PAT Margin	(%)	3.68	3.39	3.30
ROCE	(%)	14.15	14.90	30.24
Total Debt/Tangible Net Worth	Times	1.03	0.98	0.88
PBDIT/Interest	Times	3.44	3.30	2.78
Total Debt/PBDIT	Times	3.10	2.95	2.67
Gross Current Assets (Days)	Days	129	123	132

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

None

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	28.90	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.09	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.35	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.05	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.61	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	5.08	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.23	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.95	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.01	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.25	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.35	SMERA BBB/ Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.45	SMERA BBB/ Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	11.18	SMERA BBB/ Stable
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A3+

Contacts:

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 suman.chowdhury@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in
Aishwarya Phalke, Rating Analyst, Tel: +91-22-6714 1156 Email: aishwarya.phalke@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.