

Press Release

Shweta Print Pack Private Limited

May 08, 2019

Rating Reaffirmed



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

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE BBB**' (read as **ACUITE BBB**) and short term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) from **ACUITE A3+** on the Rs. 55.00 crore bank facilities of Shweta Print Pack Private Limited. 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 26,400 tonnes per annum.

Analytical Approach

For arriving at its rating, Acuite has taken consolidated approach and combined the business and financial risk profile of Shweta Print Pack Private Limited and Nashik Packaging Private Limited on account of similar line of business and common management.

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. The company was incorporated in 1983 by Mr. Avinash Ghuge and Mr. Anil Ghuge who possess around three decades of experience in the aforementioned line of business. This has helped the company maintain long term relations with customers and suppliers.

- **Reputed and diversified clientele**

The group caters to a reputed client base including Schneider, Siemens, Bosch and Prestige across automobile, electrical, electronics, chemical industries to name a few.

- **Healthy financial risk profile**

The financial risk profile of the group is healthy marked by tangible net worth of Rs.38.82 crore as on 31 March 2018 as against Rs.33.73 crore in the previous year. Gearing (debt-equity) of the group stood at 0.95 times as on 31 March 2018 as against 0.84 times as on 31 March 2017. The interest coverage ratio stood at 3.70 times for FY2018 as against 3.44 times for FY2017. DSCR stood at 1.86 times for FY2018 as against 1.59 times in the previous year. Total outside liabilities to tangible net worth (TOL/TNW) stood at 1.19 times as on 31 March 2018 as against 1.00 times as on 31 March 2017. Acuite believes the financial risk profile of the group will remain above average in absence of any major debt funded capex and moderate cash accruals.

Weaknesses

- **Working-capital intensive operations**

The operations are working capital intensive evident from the gross current asset days of 128 in FY2018 as against 130 in FY2017. This is majorly on account of stretched debtor days of 91 in FY2018 as against 89 days in FY2017. The average bank limit utilization stood at 75 percent for the last six months ended February 2018.

• **Highly competitive and fragmented industry**

Group is exposed to intense competition in the industry from medium to large sized players affecting its operating margins.

Liquidity Position:

The group has a comfortable liquidity position marked by healthy net cash accruals to its maturing debt obligations. Further the group generated net cash accruals of Rs.6.74 crore for the FY2018 with the maturing debt obligation of Rs.2.89 crore for the same period. The cash and cash equivalents stood at Rs.0.49 crore as on 31st March 2018 as against Rs.0.31 crore as on 31st March 2017. The current ratio of the group stood at 1.26 times as on March 31, 2018 and 1.41 times as on 31st March 2017. The operations of the group stood moderately working capital intensive in nature marked by Gross Current Assets (GCA) of 128 days in FY2018 as against 130 days in FY2017.

Outlook: Stable

Acuite 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	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	114.25	99.54	91.60
EBITDA	Rs. Cr.	12.12	10.07	9.07
PAT	Rs. Cr.	4.71	3.66	3.10
EBITDA Margin	(%)	10.61	10.12	9.91
PAT Margin	(%)	4.12	3.68	3.39
ROCE	(%)	14.63	14.14	14.90
Total Debt/Tangible Net Worth	Times	0.95	0.84	0.82
PBDIT/Interest	Times	3.70	3.44	3.30
Total Debt/PBDIT	Times	2.94	2.79	2.68
Gross Current Assets (Days)	Days	128	130	123

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Consolidation Of Companies - <https://www.acuite.in/view-rating-criteria-22.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Application of Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-40.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
17-Mar-2018	Cash Credit	Long Term	INR 28.9	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 0.09	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 0.35	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 0.05	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 0.61	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 5.08	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 1.23	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 0.95	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 1.01	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 2.25	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 0.5	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 0.35	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	INR 0.45	ACUITE BBB / Stable (Assigned)
	Proposed Bank Facility	Long Term	INR 11.18	ACUITE BBB / Stable (Assigned)
	Letter of Credit	Short Term	INR 2	ACUITE A3+ (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	0.09	ACUITE BBB / Stable (Withdrawn)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.35	ACUITE BBB / Stable (Withdrawn)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.05	ACUITE BBB / Stable (Withdrawn)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.17	ACUITE BBB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	3.47	ACUITE BBB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.79	ACUITE BBB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE BBB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.30	ACUITE BBB / Stable (Reaffirmed)

Term loans	Not Applicable	Not Applicable	Not Applicable	1.87	ACUITE BBB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE BBB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.29	ACUITE BBB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.45	ACUITE BBB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	3.10	ACUITE BBB / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.35	ACUITE BBB / Stable (Assigned)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	33.90	ACUITE BBB / Stable (Reaffirmed)
Proposed	Not Applicable	Not Applicable	Not Applicable	7.06	ACUITE BBB / Stable (Reaffirmed)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A3+ (Reaffirmed)

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