

Press Release

Shweta Print Pack Private Limited

October 08, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 55.00 Cr.
Long Term Rating	ACUITE BB+ (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE BB+** (read as ACUITE double B plus) and the short term rating of '**ACUITE A4+** (read as ACUITE A four plus) on the Rs.55.00 Crore bank facilities of Shweta Print Pack Private Limited (SPPPL).

The rating is being withdrawn on account of request received from the company and No dues received from the banker.

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 tons per annum

Analytical Approach

For arriving at its rating, Acuité 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 a similar line of business and common management.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

SPPPL has established an 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.

- **Moderate Financial risk profile**

The financial risk profile of the group is moderate, marked by moderate net worth, healthy debt protection metrics and low gearing. The net worth of the firm improved to Rs.47.51 crore as on 31 March 2020 from Rs.40.94 crore as on 31 March 2019. TOL/ TNW (Total outside liabilities-total net worth) stood at 0.67 times as on 31 March 2020. The gearing (debt-equity) level of the company stood at 0.76 times as on 31 March 2020 as against 1.16 times as on 31 March 2019. Total debt of Rs.36.24 crore as on 31 March 2020 consists of long term debt of 7.35 crore, unsecured loans of Rs.0.71 crore and working capital borrowings of Rs.28.18 crore. The coverage indicators are healthy marked by interest coverage ratio (ICR) of 4.39 in FY2020 and debt service coverage ratio (DSCR) of 1.67 times in FY2020. Debt-EBITDA stood low at 2.16 times in FY2020 as against 3.45 times in FY2019.

Weaknesses

- **Working capital intensive nature of operations**

The operations are working capital intensive evident from the gross current asset days of 123 days in FY2020 as against 128 in FY2019. This is majorly on account of stretched debtor days of 79 in FY2020 as against 83 days in FY2019 and inventory holding period of 31 days in FY2020 and 36 days in FY2019.

Outlook:

Not Applicable

Material Covenant

None

Rating sensitivity

None

Liquidity position: Adequate

The liquidity profile of the group is adequate, marked by net cash accruals vis-à-vis its debt obligations. The net cash accruals stood at Rs.10.16 crore in FY2020 as against repayment obligations of Rs.4.54 crore. The current ratio of the company stands at 1.38 times as on 31 March 2020 (Provisional) as against 1.23 times as on 31 March 2019.

Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of adequate net cash accruals to meet its repayment obligations.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	129.72	128.52
PAT	Rs. Cr.	7.18	5.03
PAT Margin	(%)	5.54	3.91
Total Debt/Tangible Net Worth	Times	0.76	1.16
PBDIT/Interest	Times	4.39	3.91

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments -<https://www.acuite.in/view-rating-criteria-53.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Consolidation of companies- <https://www.acuite.in/view-rating-criteria-60.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
14-July-2020	Term loans	Long Term	0.17	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	3.47	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	0.79	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	0.75	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	0.30	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	1.87	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	0.50	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	0.29	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	0.45	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	3.10	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term loans	Long Term	0.35	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Cash Credit	Long Term	33.90	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
08-May-2019	Proposed Bank Facility	Long Term	7.06	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
	Letter of credit	Short Term	2.00	ACUITE A4+ (Downgraded from ACUITE A3+) Issuer not co-operating*
	Term loans	Long Term	0.09	ACUITE BBB / Stable (Withdrawn)
	Term loans	Long Term	0.35	ACUITE BBB / Stable (Withdrawn)
	Term loans	Long Term	0.05	ACUITE BBB / Stable (Withdrawn)

17-Mar-2018	Term loans	Long Term	0.79	ACUITE BBB / Stable (Reaffirmed)
	Term loans	Long Term	0.75	ACUITE BBB / Stable (Reaffirmed)
	Term loans	Long Term	0.30	ACUITE BBB / Stable (Reaffirmed)
	Term loans	Long Term	1.87	ACUITE BBB / Stable (Reaffirmed)
	Term loans	Long Term	0.50	ACUITE BBB / Stable (Reaffirmed)
	Term loans	Long Term	0.29	ACUITE BBB / Stable (Reaffirmed)
	Term loans	Long Term	0.45	ACUITE BBB / Stable (Reaffirmed)
	Term loans	Long Term	3.10	ACUITE BBB / Stable (Assigned)
	Term loans	Long Term	0.35	ACUITE BBB / Stable (Assigned)
	Cash Credit	Long Term	33.90	ACUITE BBB / Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	7.06	ACUITE BBB / Stable (Reaffirmed)
	Letter of credit	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	28.9	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	0.09	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	0.35	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	0.05	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	0.61	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	5.08	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	1.23	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	0.95	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	1.01	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	2.25	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	0.50	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	0.35	ACUITE BBB / Stable (Assigned)
	Term Loan	Long Term	0.45	ACUITE BBB / Stable (Assigned)
	Proposed Bank Facility	Long Term	11.18	ACUITE BBB / Stable (Assigned)
	Letter of Credit	Short Term	2.00	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	Nov-2014	8.80%	Jan-20	0.17	ACUITE BB+ (Withdrawn)
Term loans	Jan-2016	8.80%	Jan-23	3.47	ACUITE A4+ (Withdrawn)
Term loans	Jan-2016	8.80%	Jan-23	0.79	ACUITE BB+ (Withdrawn)
Term loans	May-2017	8.80%	Jun-24	0.75	ACUITE BB+ (Withdrawn)
Term loans	May-2017	8.80%	Jun-24	0.30	ACUITE BB+ (Withdrawn)
Term loans	Dec-2017	8.80%	Jan-25	1.87	ACUITE BB+ (Withdrawn)
Term loans	Not Available	8.80%	Not Available	0.50	ACUITE BB+ (Withdrawn)
Term loans	Dec-2017	8.80%	Jan-25	0.29	ACUITE BB+ (Withdrawn)
Term loans	Not Available	8.80%	Not Available	0.45	ACUITE BB+ (Withdrawn)
Term loans	Not Available	8.80%	Not Available	3.10	ACUITE BB+ (Withdrawn)
Term loans	Not Available	8.80%	Not Available	0.35	ACUITE BB+ (Withdrawn)
Cash Credit	Not Available	Not Applicable	Not Available	33.90	ACUITE BB+ (Withdrawn)
Proposed	Not Available	Not Applicable	Not Available	7.06	ACUITE BB+ (Withdrawn)
Letter of credit	Not Available	Not Applicable	Not Available	2.00	ACUITE A4+ (Withdrawn)

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About Acuité Ratings & Research:

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