

Press Release

Jasmer Pack Limited

July 10, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 16.73 Cr.
Long Term Rating	ACUITE BB+ / Outlook: Stable
Short Term Rating	ACUITE A4+

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BB+**' (read as **ACUITE BB plus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 16.73 crore bank facilities of Jasmer Pack Limited. The outlook is '**Stable**'.

Jasmer Pack Limited (JPL) was established as a partnership concern in 2000 and later converted to private limited in 2009. JPL is engaged in the manufacturing corrugated boxes and rolls. The company has a installed capacity of 10000 MTPA in a single shift. JPL is currently running on double shift. Further the company provides three-line ply as well as five-line ply products.

Key Rating Drivers

Strengths

- **Long standing track of operations and experienced management**

Jasmer Pack Limited (JPL) was established by Mrs. Charanjeet Kaur in the year 2000. The Promoter has more than thirty five years of experience in the aforementioned line of business which has helped JPL to create established relationship with customers and suppliers. Mrs. Charanjeet Kaur used to manage a group firm named Jasmer Packer Private Limited, (now known as Jasmer Foods Private Limited), which was engaged in the business of manufacturing corrugated boxes since 1982. Mr. Daljeet Singh and Mr. Jagdeep Singh have been with the company since 2007.

- **Reputed clientele**

Jasmer Pack Limited has established relationship with their customers over the years, which has helped to get repeated orders. Major customers of Jasmer Pack Limited are reputed names like Havells, Pidilite, Dabur, Anchor Electricals, Marico, HUL, ITC, Colgate, Mother dairy, to name a few.

- **Moderate financial risk profile**

The financial risk profile of Jasmer Pack Limited is moderate marked by tangible net worth of Rs. 18.09 crore as on 31 March 2018 (provisional) and Rs. 15.03 crore as on 31 March 2017. The total debt of Rs. 30.99 crore outstanding as on 31 March 2018 (provisional) comprises of Rs. 17.34 crore as working capital borrowing from the bank, Rs. 12.06 crore as term loans from bank and Rs. 1.59 crore as unsecured loans from promoters. The gearing ratio improved to 1.71 times as on 31 March 2018 (provisional) as compared to 2.12 times on 31 March 2017. Interest coverage ratio has improved to 2.40 times for FY2018 (provisional) as against 2.14 times for FY2017. DSCR stood at 1.72 times in FY2018 (provisional) as against 1.63 times in FY2017. The net cash accruals stood at Rs. 4.64 crore in FY2018 (provisional) as against Rs. 3.86 crore in FY2017. The NCA/TD ratio stood at 0.15 times in FY2018 (provisional) as against 0.12 times in FY2017. SMERA believes JPL will further improve its financial risk profile over the medium term backed by healthy cash accruals.

Weaknesses

• **Working capital intensive nature of operations**

The company has working capital intensive nature of operations marked by Gross Current Assets days of 266 in FY2018 (Provisional) even though it is lower than 271 days in FY2017. The inventory holding period stood high at 198 days in FY2018 (Provisional) and 208 days in FY2017. The receivable days are also high at 83 days in FY2018 (Provisional) as compared to 74 days in FY2017. The average bank limit utilization stood at 97% for the last three months ended April 2018.

• **Highly competitive and fragmented industry**

JPL is engaged in the business of printing and packaging, which is highly unorganised and hence faces intense competition from a high number of players present in the market.

Analytical Approach

Acuite has considered the consolidated business and financial risk profiles of Jasmer Pack Limited (JPL) and Jasmer Pack (JP) hereinafter referred to as the Jasmer Group. The consolidation is mainly on account of similarities in the lines of business, strong operational, financial synergies and common management.

Outlook: Stable

Acuite believes the outlook on Jasmer Pack Limited will remain stable over the medium term. The outlook may be revised to 'Positive' in case the firm registers strong growth in revenues and significant improvement in liquidity position. The outlook may be revised to 'Negative' in case of decline in the firm's revenues or profit margins, or in case of further deterioration in the firm's liquidity position.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	71.22	60.90	66.91
EBITDA	Rs. Cr.	9.67	8.10	7.93
PAT	Rs. Cr.	3.30	2.56	2.56
EBITDA Margin	(%)	13.57	13.30	11.86
PAT Margin	(%)	4.63	4.21	3.83
ROCE	(%)	17.42	14.89	16.00
Total Debt/Tangible Net Worth	Times	1.71	2.12	2.22
PBDIT/Interest	Times	2.40	2.14	2.00
Total Debt/PBDIT	Times	3.18	3.93	3.87
Gross Current Assets (Days)	Days	266	271	236

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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	16.50	ACUITE BB+ / Stable
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	0.23	ACUITE A4+

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About Acuité Ratings & Research:

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