

## Press Release

Yash Packaging

December 14, 2018

Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 6.50 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 6.50 crore bank facilities of Yash Packaging (YP). The outlook is '**Stable**'.

Gujarat based, Yash Packaging (YP) was established in 2006 as a proprietorship firm, later in 2015 it was established as a partnership firm by Mr. Anil Jain and Mr. Yash Jain. The firm is engaged in manufacturing steel containers of 15kg each for oil storage. The unit is located in Gandhidham and has a capacity to produce 24000 containers per day.

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Yash Packaging to arrive at the rating.

## Key Rating Drivers

### Strengths

- **Experienced management**

Yash Packaging is engaged in manufacturing of steel containers for oil storage purpose and catering to oil manufacturing industry. The partners of the firm have an experience of over a decade in the aforementioned industry. YP has established relations with reputed clients like Bunge India Private Limited amongst others and suppliers like JSW Vallabh Tinsplate Private Limited to name a few. Acuité believes that YP will continue to benefit from its experienced management and established relations with clients.

- **Comfortable Working Capital Operations**

YP's working capital operations are comfortable marked by Gross Current Assets (GCA) of 102days in FY2018 compared to 216 days in FY2017. The GCA days are dominated by debtor days of 61 in FY2018. The working capital intensity is further reflected from the high utilisation of ~90 percent of its working capital facilities for past six months ended October 2018. Acuité believes that the efficient working capital management will be crucial to the company in order to maintain a stable credit profile.

### Weaknesses

- **Average Financial Risk Profile**

YP has average financial risk profile marked by low tangible net worth of Rs.1.94crore as on 31 March, 2018 as against Rs.1.87crore as on 31 March, 2017. The gearing (debt- equity) stood at 1.42 times as on 31 March, 2018 as against 1.45 times as on 31 March, 2017. The total debt of Rs.2.77crore mainly consists of term loans of Rs.0.69crore, unsecured loans of Rs.1.25crore and working capital borrowings of Rs.0.83crore as on 31 March, 2018. Interest Coverage Ratio (ICR) stood at 4.30 times for FY2018 as against 2.87 times in FY2017. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.17 times for FY2018 as against 0.08 times for FY2017. Going forward, Acuité expects the financial risk profile to improve marginally in the absence of major debt funded capex plans.

- **Competitive and fragmented nature of industry**

YP operates in a highly competitive and fragmented industry as there is presence of multiple players from both organised as well as unorganised players in the industry.

### Outlook: Stable

Acuite believes that YP will maintain a 'Stable' outlook over the medium term owing to its experienced management and steady flow of orders. The outlook may be revised to 'Positive' if the firm generates substantial revenues and operating margins while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the working capital cycle elongates or if the financial risk profile deteriorates.

### About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	10.48	3.42	5.74
EBITDA	Rs. Cr.	0.58	0.31	0.65
PAT	Rs. Cr.	0.12	0.03	0.08
EBITDA Margin	(%)	5.51	9.06	11.23
PAT Margin	(%)	1.14	0.90	1.46
ROCE	(%)	5.62	3.47	16.48
Total Debt/Tangible Net Worth	Times	1.42	1.45	2.91
PBDIT/Interest	Times	4.30	2.87	3.03
Total Debt/PBDIT	Times	4.56	8.46	4.14
Gross Current Assets (Days)	Days	102	216	89

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

Not Applicable

### 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
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE B / Stable
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE B / Stable

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### About Acuite Ratings & Research:

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