

## Press Release

### Printography Systems India Private Limited

January 21, 2021

### Rating Withdrawn



<b>Total Bank Facilities Rated*</b>	Rs. 13.00 Cr.
<b>Long Term Rating</b>	ACUITE BBB (Withdrawn)
<b>Short Term Rating</b>	ACUITE A3+ (Withdrawn)

\* Refer Annexure for details

### Rating Rationale

Acuite has reviewed and withdrawn the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and the short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.13.00 crore bank facilities of Printography Systems India Pvt. Ltd. (PSPL). The rating action is in accordance with Acuite's policy on withdrawal of rating and on account of request received from the company and no objection certificates received from the bankers.

### About the Company

Mumbai-based, PSPL was established in 1977 as a proprietorship concern by Mr. Jayantilal Shah and later, the constitution was changed to a private limited in 2005. PSPL is engaged in security printing, PVC card manufacturing and commercial printing.

### Analytical Approach

Acuite has taken the standalone view of the business and financial risk profile of PSPL to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Experienced management and established presence in the industry**

PSPL was promoted by Mr. Jayantilal Shah, who is in the printing industry for more than 4 decades. Mr. Jayantilal is equally supported by his brother Mr. Girish Shah, who has experience of more than three decades in the printing business. Mr. Raj Shah has also joined the company five years back. The extensive experience of the management has enabled PSPL to diversify its product portfolio comprising commercial paper printing, security printing, PVC cards manufacturing, and variable data printing to name a few. PSPL is catering to reputed clients, which are majorly government bodies such as National Securities Depository Limited (NSDL), National Pension Scheme (NPS), among others. PSPL is also catering to the Election Commission of India for various Indian states.

- **Moderate financial risk profile**

PSPL has moderate financial risk profile marked by improved net worth, comfortable gearing level and coverage indicators. The company's net worth, as on March 31, 2020 (Provisional) stood at Rs.20.85 crore compared to Rs.19.78 crore as on March 31, 2019. This was led by increase in net profit, albeit at a modest pace. PSPL's profit after tax increased to Rs.1.69 crore in FY20 (Provisional) from Rs.1.37 crore in FY19. Higher net worth also helped the company to keep the gearing level below one in FY20 (Provisional) despite rise in debt level. At 0.61 times in FY20 (Provisional), PSPL's debt-to-equity ratio remained same at the year-ago level. The company's total debt as on March 31, 2020 (Provisional) was Rs.12.74 crore, comprising long-term debt of Rs.0.35 crore and short-term debt of Rs.12.39 crore.

In FY20 (Provisional), the company witnessed an improvement in coverage indicators. While its interest coverage ratio improved to 6.77 times in FY20 (Provisional) from 5.23 times in FY19, debt service

coverage ratio stood at 1.70 times in FY20 (Provisional) vis-à-vis 1.16 times a year back. TOL/TNW stood at 1.09 times as of March 31, 2020 (Provisional).

#### • Improved operating performance

In FY20 (Provisional), PSPL witnessed an overall improvement in operating performance. The company's operating revenue grew by 10.36 per cent in FY20 (Provisional) to Rs.50.94 crore. While its EBITDA margin expanded to 10.28 per cent in FY20 (Provisional) from 9.95 per cent in FY19. Higher contracts led to the improvement in operating performance of the company, which also supported its overall financial risk profile.

### Weaknesses

#### • Deterioration in working capital

While PSPL has moderately intensive working capital, it has been deteriorating since past couple of years. From 119 days in FY18, gross current assets (GCA) days of the company increased to 138 days in FY19 and further to 187 days in FY20 (Provisional). The deterioration in GCA days in FY20 (Provisional) was mainly on account of higher receivables days, which almost got doubled to 117 days in FY20 (Provisional). Although, inventory days came back to average level of 47 days in FY20 (Provisional) from 78 days. With deterioration in working capital, the company's operating cash flow turned negative in FY20 (Provisional), compared to Rs.1-4 crore of operating cash inflows in the past 3 years ending March 2019.

#### • Modest scale of operation with high client concentration

Though PSPL's operating performance improved in FY20 (Provisional), it remained at a modest level with its revenue standing at Rs.50.94 crore in FY20 (Provisional) despite having over 4 decades of presence in the industry. Further, PSPL has high client concentration. The company continues to generate around 50 per cent of its revenue from NSDL, although it is a reputed government entity.

### Liquidity Position: Adequate

PSPL has adequate liquidity position marked by sufficient net cash accruals to its term-debt obligations. In FY20 (Provisional), the company's net cash accruals remained almost at the year-ago level of Rs.4.12 crore against the term-debt obligations of Rs.0.19 crore for FY20. Its current ratio also remained at a moderate level of 1.3 times in FY20 (Provisional).

### Rating Sensitivities

Not Applicable

### About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	50.94	46.16
PAT	Rs. Cr.	1.69	1.37
PAT Margin	(%)	3.32	2.97
Total Debt/Tangible Net Worth	Times	0.61	0.61
PBDIT/Interest	Times	6.77	5.23

### Any other information

Not Applicable

### Any Material Covenants

No major material covenants

### Applicable Criteria

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

**Note on complexity levels of the rated instrument**
<https://www.acuite.in/view-rating-criteria-55.htm>
**Rating History (Upto last three years)**

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
29-Oct-2019	Secured Overdraft	Long Term	5.00	ACUITE BBB / Stable (Rating reaffirmed and outlook revised from 'Negative')
	Letter of Credit	Short Term	0.50	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	1.50	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB / Stable (Rating reaffirmed and outlook revised from 'Negative')
29-Aug-2019	Secured Overdraft	Long Term	5.00	ACUITE BBB / Negative (Rating reaffirmed and outlook revised from 'Stable')
	Letter of Credit	Short Term	0.50	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	1.50	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB / Negative (Rating reaffirmed and outlook revised from 'Stable')
28-Jan-2019	Secured Overdraft	Long Term	5.00	ACUITE BBB / Stable (Assigned)
	Letter of Credit	Short Term	0.50	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	1.50	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	6.00	ACUITE BBB / Stable (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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE BBB (Withdrawn)
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BBB (Withdrawn)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A3+ (Withdrawn)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A3+ (Withdrawn)

## Contacts

Analytical	Rating Desk
<p>Aditya Gupta Vice President Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a></p> <p>Shreepad Aute Senior Analyst - Rating Operations Tel: 022-49294000 <a href="mailto:shreepad.aute@acuite.in">shreepad.aute@acuite.in</a></p>	<p>Varsha Bist Senior Manager - Rating Desk Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a></p>

### About Acuité Ratings & Research:

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