



Press Release
Accura Inks Private Limited
May 07, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.52	ACUITE B+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	20.52	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs.20.52 crore bank facilities of Accura Inks Private Limited (AIPL). The outlook is '**Stable**'.

Rationale for rating reaffirmation:

The rating reaffirmation factors in the stable operating performance of the company, marked by improvement in the operating income and profitability margins with a moderate financial risk profile. The company's revenue stood at Rs.34.50 crore in FY2023 compared to revenue of Rs.26.78 crore in FY2022. Subsequently, the company has recorded a turnover of Rs.20.06 crore in 6MFY2024. This marginal increase in the revenues in FY2023 is due to increase in the demand of the products. However the ratings are constrained by the moderately intensive working capital operations and the stretched liquidity position of the company.

About the Company

Incorporated in 2014, AIPL is a Gujarat-based company promoted by the Kanoria family. The company is engaged in manufacturing of gravure inks used for printing. The company has its manufacturing facility located at Silvassa, Dadra and Nagar Haveli.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of AIPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management

AIPL is based in Gujarat and was incorporated in 2014. The company is promoted by the Kanoria family, who have an experience of nearly two decades in the printing and packaging industry. The day-to-day operations of the company are managed by the promoter along with experienced senior management team who are ably supported by a strong line of mid-level managers. Acuite believes that AIPL will benefit from experienced management which helped the company to maintain long-standing relations with customers and suppliers.

Moderate financial risk profile

The company has a moderate financial risk profile marked by tangible net worth of Rs.24.64 crore as on 31 March 2023 as against Rs.21.67 crore as on 31 March 2022. The increase in the net worth is due to the accretion of profits to reserves. The gearing level of the company

stood at 1.09 times as on 31 March 2023 as against 0.75 times as on 31 March 2022. The total debt of the company stood at Rs.26.92 crore as on March 31, 2023. The total debt comprised of long-term debt of Rs.18.36 crore and short-term debt of Rs.0.82 crore and unsecured loans of Rs. 1.97 crore as on 31 March 2023. The coverage ratios of the company stood moderate with Interest Coverage Ratio (ICR) of 4.23 times for FY2023 against 2.88 times for FY2022. The Debt Service Coverage Ratio (DSCR) stood at 1.52 times for FY2023 against 1.12 times for FY2022. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 1.42 times for FY2023 as against 0.98 times in FY2022. Acuité believes that the financial risk profile of the company is expected to remain at the same level over the medium term.

Weaknesses

Modest scale of operation

AIPL's scale of operations is modest marked by operating income of Rs.34.50 crore in FY2023 as against Rs.26.78 crore in FY2022. Further, AIPL's margin stood at 19.80 percent in FY2023 as against 18.32 percent in FY2022. The company's major customer is TCPL Packaging Limited who accounted for more than 95 percent of its sales in the last two years. The high customer concentration renders the revenue growth and profitability susceptible to the growth plans, procurement and credit policies of its key customers. The company's ability to improve its scale of operations and profitability margins will remain a key rating monitorable.

Rating Sensitivities

Substantial improvement in the scale of operations while maintaining profitability.
Deterioration in liquidity position and Elongation of working capital cycle.

Liquidity Position Stretched

The company has a stretched liquidity position marked by low net cash accruals against its maturing debt obligations. The company generated cash accruals of Rs.4.17 crore in FY2023 compared against maturing debt obligation of Rs.2.19 crore over the same period. The cash accruals of the company are estimated to remain in the range of Rs 5-6 Cr crore during 2024-25 period while its maturing debt obligations is estimated to be in the range of Rs.4.40 -5.80 Cr crore during the same period. The company's reliance on working capital borrowings remain high at ~97 percent in last six months ended March' 2023 albeit moderate gross current asset days of 55 as on March 31, 2023. The company maintains unencumbered cash and bank balances of Rs.0.0037 crore as on March 31, 2023. The current ratio stood at 0.41 times as on March 31, 2023.

Outlook: Stable

Acuité believes that the company will maintain a 'Stable' outlook over the medium term on account of experienced management. The outlook may be revised to 'Positive' in case of substantial and sustained growth in revenue and profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial and liquidity profile or lower than expected generation of revenue and profitability margins.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	34.50	26.78
PAT	Rs. Cr.	2.33	2.00
PAT Margin	(%)	6.76	7.48
Total Debt/Tangible Net Worth	Times	1.09	0.75
PBDIT/Interest	Times	4.23	2.88

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

Not Applicable

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Feb 2023	Term Loan	Long Term	11.98	ACUITE B+ Stable (Reaffirmed)
	Secured Overdraft	Long Term	1.50	ACUITE B+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.95	ACUITE B+ Stable (Reaffirmed)
	Term Loan	Long Term	3.09	ACUITE B+ Stable (Reaffirmed)
13 Dec 2021	Proposed Long Term Bank Facility	Long Term	12.50	ACUITE B+ Stable (Reaffirmed)
	Secured Overdraft	Long Term	1.50	ACUITE B+ Stable (Reaffirmed)
	Term Loan	Long Term	11.98	ACUITE B+ Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.02	ACUITE B+ Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE B+ Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Term Loan	16 Feb 2023	Not avl. / Not appl.	31 Jan 2024	Simple	10.48	ACUITE B+ Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Term Loan	01 Dec 2021	Not avl. / Not appl.	31 Mar 2027	Simple	7.02	ACUITE B+ Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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