



Press Release
Dolswap Business Private Limited
September 26, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	22.14	ACUITE BBB Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	22.14	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB**' (read as **ACUITE Triple B**) on the Rs. 22.14 Cr. bank facilities of Dolswap Business Private Limited (DBPL). The outlook remains '**Stable**'.

Rationale for the rating

The rating takes into account improvements in the operating margin, financial risk profile and substantial reductions of debtors which have been outstanding for more than 6 months. The group's margin improved to 8.21 percent in FY2024 (prov) from 5.89 percent in FY2023 and 5.17 percent in FY2022 primarily owing to stabilisation in the manufacturing of fans and a marginal decrease in the raw material costs. Further, the group has infused quasi equity of Rs.45.00 Cr. in FY2024 leading to improvement in the financial risk profile. Thus the gearing level of the group improved to 0.95 times as on March 31, 2024 (prov) as against to 1.17 times as on March 31, 2023. Furthermore, the working capital operations of the group marginally improved with the recovery of O/S debtors of Rs.22.84 Cr in FY2024 aging above 6 months under Vishva Electrotech Limited (VEL).

The rating also draws comfort from the extensive experience of the promoters coupled with a diversified product profile and adequate liquidity.

Going forward, the ability of the group to improve its working capital operations along with maintaining its profitability margins and capital structure will remain a key rating sensitivity factor.

About the Company

Incorporated in 1997, Dolswap Business Private Limited(DBPL) manufactures injection-moulded products used in the manufacturing of pens and also selling, manufacturing and trading of Electrical goods is having a manufacturing facility in West Bengal. Mr. Ashok Goyal and Mr. Giriraj Ratan Kothari are directors of the company. As on 1st April 2023, Tenty Private Limited (TPL) and Dolswap Business Private Limited (DBPL) have been merged.

About the Group

Group companies, Tenty Private Limited incorporated in 1997 is also involved in manufacturing of spare parts/components of pens, packaging containers of food products, cosmetics

packaging, and other FMCG products packaging. Mr. Ashok Goyal, Mr. Kanishk Goyal, Mr. Nishi Goyal are directors of the company.

Established in 1979, Excellent Moulders is the flagship company of the Tenty group, involved in manufacturing plastic fan parts, having state of the art injection moulding setup in Kolkata, West Bengal. . Mr. Ashok Goyal, Mr. Giriraj Ratan Kothari, Mr. Anil Kamboj are partners of the entity.

The group acquired Vishwa Electrotech Limited in 2012 which is into manufacturing & trading of electrical appliances and sells under the brand name 'Polar'. Mr. Ashok Goyal, Mr. Sunita Shah, Mr. Kanishk Goyal, Mr. Mohit Saluja, Mr. Arani Guha are directors of the company. The

company is based in west Bengal.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Tenty Private Limited (Erstwhile Tenty Marketing Company Private Limited) (TPL) and its associates Dolswap Business Private Limited (DBPL), Excellent Moulders (EM) and Vishva Electrotech Limited (VEL) together referred to as the 'Tenty Group'. The consolidation is in view of common management, similar line of business, strong operational linkages between the group.

Key Rating Drivers

Strengths

Extensive experience of the promoters coupled with a diversified product profile

The Tenty Group has been in the plastic packaging segment for more than four decades. The group has its own units in West Bengal and Assam, respectively. Over the years, the extensive experience of the promoters has helped the group build a healthy reputation and long standing relationships with its reputed clientele, including Linc Pen and Plastics Ltd., Win Pen Pvt. Ltd., Haldiram Bhujwala Ltd., and Orient Electric Ltd. The promoters' experience of over four decades, their strong understanding of local market dynamics, and healthy relations with suppliers and customers should continue to support the business. The group has a diversified product profile that includes a plastic pen and its spare parts, fan and fan parts, various types of packaging products, and varied-size containers, cups, and bottles made of 100 percent food-grade materials. The products find application in various end-user industries, such as the education sector, food and beverage sectors, FMCG, etc. The group's reputed customer base and diversified product profile de-risk the business risk to a large extent.

Acuite believes that the experienced management of the promoters and its diversified product profile will continue to support the business risk profile of the group.

Healthy scale of operations with improving operating margins.

The revenue of the group stood at Rs.755.73 Cr. in FY2024(prov) as against Rs.771.31 Cr. in FY2023. The stable operating turnover in the last two years is due to stable capacity utilisation observed across the products of the group. The group's customer base is diversified with major clientele including Linc Pen and Plastics Ltd., Emami Ltd., Halidiram's, Orient Electric Limited, etc. The group is also into trading electric goods and appliances. Further, with the obligatory BEE rating requirement certification for all new types of ceiling fans sold in India, the group has performed the stable operating revenue in FY2024(prov). However, this condition is expected to get completely normalized in FY2025 which will further reduce competition from local and unorganized players in the market. The group has reported turnover of Rs.201.60 Cr. in Q1FY2025 and expects to achieve turnover of Rs.840-850 Cr. in FY2025.

The operating margin of the group improved to 8.21 percent in FY2024 (prov) from 5.89 percent in FY2023 and 5.17 percent in FY2022. The improvement in the margins is due to synergies from the merger of Tenty Private Limited (TPL) and Dolswap Business Private Limited (DBPL), stabilization in the manufacturing of fans and marginal decrease in the raw material costs thereby increasing spread and realization prices across the products. The PAT margin of the group has improved and stood at 2.33 percent in FY2024 (prov) as against 1.52 percent in FY2023. For Q1FY2025, the group has achieved an operating margin of 8.49 percent and a PAT margin of 3.33 percent.

Acuite believes that going forward, revenue of the group will continue to remain healthy on account of reduced competition in the market due to mandatory fan star ratings, which is a favorable development in the near to medium term. Further, the group is expected to

maintain the operating margin in the range of 8.30-8.50 percent in FY2025 owing to stable raw material costs.

Above - average financial risk profile

The group's financial risk profile is above average, marked by a healthy net worth base, improving gearing and moderate debt protection metrics.

The tangible net worth of the group improved to Rs.193.61 Cr. as on March 31, 2024 (prov) from Rs.132.67 Cr. as on March 31, 2023 due to accretion of reserves and infusion of equity capital. Acuité has considered quasi equity to the tune of Rs.73.50 Cr. as on March 31, 2024(prov) as part of net worth as these are subordinated to bank debt. The total debt stood at Rs.184.39 Cr. as on March 31, 2024(prov) consists of Rs.33.61 Cr, short term debt of Rs.93.50 Cr, USL from promoters & directors of Rs.44.80 Cr. and CPLTD of Rs.12.49 Cr. The promoters have extended significant financial support to the group, via unsecured loans to cover working capital and debt obligations.

The gearing of the group improved and stood at 0.95 times as on March 31, 2024 (prov) as compared to 1.17 times as on March 31, 2023. The Debt/EBITDA of the group moderately improved and stood at 2.86 times as on March 31, 2024(prov) as against 3.25 times as on March 31,2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) significantly improved and stood at 2.15 times as on March 31, 2024(prov) as against 3.50 times as on March 31, 2023.

The debt protection metrics of the group are moderate marked by Interest Coverage Ratio (ICR) at 2.04 times as on March 31, 2024(prov) and Debt Service Coverage Ratio(DSCR) at 1.43 times as on March 31, 2024(prov). The metrics will improve moderately going forward. Net Cash Accruals/Total Debt (NCA/TD) stood low at 0.14 times as on March 31, 2024(prov).

Acuité believes that going forward, the financial risk profile of the group will improve on account of improving cash accruals and no debt funded CAPEX planned over the medium term.

Weaknesses

Working capital-intensive nature of operations

The working capital operations of the group are intensive in nature marked by high Gross Current Assets (GCA) of 256 days in FY2024(prov) as against 251 days in FY2023. The high GCA days are on account of stretched receivables of the group which marginally improved and stood at 194 days in FY2024(prov) as against 203 days in FY2023. Due to the seasonal nature of fans and coolers, the revenue for these products is relatively higher during Q4 of a financial year. Due to the peak season in fan components and cooler sales in Q4, the group is saddled with high debtor days, leading to high working capital intensity during the financial year end. Further, the stretch in the debtor levels is majorly observed in the VEL which sells fan components. However, the company has recovered O/S debtors of Rs.22.84 Cr. in FY2024 aging above 6 months.

Further, the group has substantial dependence on its suppliers, creditors and working capital limits to support the working capital. The group has reduced its creditor days to 117 days in FY2024(prov) as against 161 days in FY2023. The improvement is on account of the infusion of USL from promoters and related parties in FY2024 in order to pay the suppliers within 30 days of the purchase of raw materials at a discounted price.

Further, even though the operations are being working capital intensive, the group's dependency on the external debt is moderate to fund its working capital requirements which is reflected in moderately high utilisation at an average of 79.21 percent for the fund based limit and 81.49 percent for non-fund based limit over the six months ended July, 2024.

Acuité believes that the working capital operations of the group are likely to remain almost at the same levels over the medium term due to the nature of industry.

Susceptibility to volatility in the prices of raw materials

The prices of the raw materials are impacted by global demand and linked to global crude oil prices, making them highly volatile. The major raw materials for Tenty's products are plastic granules derived from crude oil, making them highly volatile. The fluctuation in prices is generally passed on to the customers, albeit with a lag. The group's margins are susceptible to the rise in material costs owing to a time lag in the pass-through of price hikes to the customers, although the regular price revision mitigates the risk to an extent. Further, with the

customers bearing the freight expenses, there is some postponement of offtake during periods of high freight rates for cost optimisation at the customer's end.

Rating Sensitivities

- Significant growth in revenue and maintains of profitability margin.
- Any significant deterioration in the financial risk profile and liquidity profile of the group.
- Any further elongation of working capital cycle.

Liquidity Position: Adequate

The group's liquidity is adequate marked by adequate net cash accruals stood at Rs.25.61 Cr. as on March 31, 2024(prov) as against long term debt repayment of Rs.8.36 Cr. over the same period. Further, the net cash accruals are estimated to remain at a range of Rs.33.80-38.25 Cr. in FY2025 and FY2026 as against CPLTD in the range of Rs.12.49-12.04 Cr. for the same period. The current ratio of the group is above average at 1.58 times as on March 31,2024 (prov). Furthermore, unencumbered cash and bank balances stood at Rs.12.23 Cr. and liquid investments at Rs.14.71 Cr. as on March 31,2024(prov). Further, even though the operations are being working capital intensive, the group's dependency on the external debt is moderate to fund its working capital requirements which is reflected in moderately high utilisation at average of 79.21 per cent for fund based limit and 81.49 percent for non-fund based limit over the six months ended July, 2024.

Acuité believes that going forward the group will maintain adequate liquidity position due to steady accruals and support from the promoters through unsecured loans further aids liquidity.

Outlook: Stable

Acuité believes that the group will maintain a 'stable' outlook over the medium term, backed by experienced management, reputed clientele and a healthy scale of operations. The outlook may be revised to 'positive' if the company registers healthy growth in revenues coupled with sustained improvement in operating margins, capital structure and working capital cycle. Conversely, the outlook may be revised to 'negative' in the event of a decline in the company's revenues or profit margins or a deterioration in the company's financial risk profile or elongation in the working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	755.73	771.31
PAT	Rs. Cr.	17.59	11.75
PAT Margin	(%)	2.33	1.52
Total Debt/Tangible Net Worth	Times	0.95	1.17
PBDIT/Interest	Times	2.04	1.88

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

Not applicable

Any Other Information

None

Applicable Criteria

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

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité 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
04 Sep 2024	Covid Emergency Line.	Long Term	1.33	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	20.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	0.81	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
07 Jun 2023	Covid Emergency Line.	Long Term	2.14	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	15.50	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	4.50	ACUITE BBB- Stable (Assigned)
30 Mar 2022	Cash Credit	Long Term	13.00	ACUITE BBB Stable (Assigned)
	Letter of Credit	Short Term	2.50	ACUITE A3+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE BBB Stable Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	15 Sep 2027	Simple	1.33	ACUITE BBB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.81	ACUITE BBB Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.No.	Company Name
1	Tenty Private Limited (TMCPL)
2	Dolswap Business Private Limited (DBPL)
3	Excellent Moulders (EM)
4	Vishva Electrotech Limited (VEL)

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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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