



**Press Release**  
**J C GRAPHICS PRIVATE LIMITED**  
**February 16, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	36.40	ACUITE BB-   Stable   Assigned	-
Bank Loan Ratings	8.60	-	ACUITE A4   Assigned
Total Outstanding Quantum (Rs. Cr)	45.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 45 Cr bank facilities of J C Graphics Private Limited(JCGPL). The outlook is '**Stable**'.

**Rationale for rating assigned**

The rating assigned factors in the experience and long track record of operation of the company in high end printing and packaging industry. Further, it considers the company's ability to receive recurring orders from reputed clientele like VST industries, ITC, JK Paper limited etc., and healthy order book position of Rs.25.73 Cr as on November 2023. However, rating is constrained by average financial risk profile, working capital intensive nature of operations and susceptibility of cyclical in the plastic and end user industry.

**About the Company**

Based in Andhra Pradesh, J C Graphics Private Limited was incorporated in 1990. The company is engaged in manufacturing of packaging materials and printing of notebooks. It is directed by Mr. Heman Ratnakar Thyagaraj and Mr. Christopher Karunakar Thyagaraj.

**Unsupported Rating**

Not applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of JCGPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and long track record of operations**

JC Graphics Private limited (JCGPL) has more than three decades of experience in printing

and packaging business. The company is currently managed by Mr.Heman Ratnakar Thyagaraj and Mr. Christopher Karunakar Thyagaraj. The extensive experience of the promoters has helped the company establish long term relationship with its customers and

suppliers for repeat orders. The company's clientele includes reputed players like VST, JK papers, ITC and Godrej industries. JCGPL serves clientele involved in varied industries thereby diversifying its customer concentration risk.

Acuite believes that JS GPL may continue to benefit from its experienced promoters and their long track record of operations in printing and packaging industry.

### **Healthy Order book backed by recurring orders from reputed clientele**

JCGPL has been receiving recurring orders from its customers and maintained stable growth in its revenue, company's operational revenue stood at Rs.57.30 Cr in FY2023 as against Rs.50.87 Cr in FY22 and Rs.44.29 Cr in FY21. In current financial year FY24, company has recorded the revenue of Rs.35.79 Cr up to December 2023. JCGPL has been receiving repeated orders from the existing clientele on the back of its established track record and healthy relationship. Company has an unexecuted order book of ~Rs.25.73 Cr as on November'2023 to be executed by March 2024.

Acuite believes that scale of operations of the company may gradually improve backed by recurring orders from reputed clientele.

### **Weaknesses**

#### **Average financial risk profile**

The financial risk profile of the company is average, marked by moderate net worth, high leverage ratios and below unity debt protection matrices. The company's net worth stood at Rs.21.28 Cr as on March 31st 2023 as against Rs.20.17 Cr as on March 31st 2022 and Rs.18.96 Cr as on March 31st 2021. The total debt of Rs.51.09 Cr as on March 31st 2023 consists of short term debt of Rs.31.72 Cr, long term debt of Rs.5.56 Cr, USL from promotor of Rs.9.18 Cr and current portion of long term debt (CPLTD) of Rs.4.63 Cr. The gearing ratio of the company improved moderately, however continued to remain high at 2.4 times as on March 31st 2023 as against 2.61 times as on March 31st 2022 and 3.09 times as on March 31st 2021. Further, the ratio of total outside liabilities to tangible net worth stood at 2.78 times as on March 31st 2023 as against 3.00 times as on March 31st 2022 and 3.32 times as on March 31st 2021.

The debt protection matrices of debt service coverage ratio (DSCR) stood below unity at 0.89 times as on March 31st 2023, however, company was able to meet its debt obligations through reduction in debtors levels. Interest coverage ratio (ICR) stood at 1.77 times as on March 31st 2023 as against 1.70 times as on March 31st 2022 and 1.63 times as on March 31st 2021.

Acuite believes that improvement in financial risk profile of the company is a key rating sensitivity going forward.

#### **Working capital intensive nature of operations**

The operations of the company are working capital intensive marked by high Gross Current Asset(GCA) days of 366 days in FY2023 as against 408 days in FY2022 and 457 days in FY2021. GCA days are majorly dominated by inventory days and debtor days. Inventory days stood at 293 days in FY2023 as against 309 days in FY2022 and 352 days in FY2021. Debtor days also remained high at 114 days in FY2023 as against 147 days in FY2022 and 170 days in FY2021. Creditor days of the company stood low in the range of 7 to 12 days during last three years ending FY2023. Further, the average working capital utilisation of the company stood high at 96.46 percent over the past 12 months ending September'2023.

Acuite believes that improvement in working capital operations is a key rating sensitivity going forward.

#### **Susceptibility to cyclical in the printing industry and highly competitive industry**

The domestic printing and packaging sector is characterised by demand cyclical inity and volatility in raw material. Company operates in the cyclical printing and packaging industry thus making it vulnerable to downturns in industry demand, leading to decline in realizations and profitability. Company continues to face challenges from many unorganised player in the market and presence of high number of players further intensifies the competition.

### **Rating Sensitivities**

- Significant improvement in scale of operations while maintaining profitability margins
- Sustainable improvement in Profitability, Leverage and Solvency position of the group
- Sustainable improvement in Gross current assets (GCA) days
- Any further deterioration in working capital management leading to deterioration in financials risk profile and liquidity

### **Liquidity Position: Stretched**

The liquidity position of the company is stretched marked by net cash accruals of Rs. 3.77 Cr in FY2023 as against repayment obligations of Rs.5.01 Cr in FY2023. Company was able to meet its debt obligations through reduction in debtor levels. Further, company has high reliance on the short term borrowing reflected through an average bank limit utilization of 96.46 percent over past 12 months ending September 2023. However, net cash accruals are expected to be in the range of Rs. 5 Cr to 6.3 Cr during FY25-FY26 against repayment obligations ranging between Rs.2.4 Cr to Rs.3.1 Cr during the same tenure. JCGPL's current ratio stood at 1.37 times as on March FY2023 and has a cash and bank balance of Rs. 0.01 Cr as on 31st March 2023.

### **Outlook: Stable**

Acuité believes that JCGPL will maintain 'Stable' outlook over the medium term due to extensive experience of its promoters, longstanding relationship with reputed clientele and moderate growth in revenue. However, the outlook may be revised to 'Positive' in case if the company registers expected or higher-than expected growth in revenues and profitability, overall improvement in financial risk profile and efficient working capital management. Conversely, the outlook may be revised to 'negative' in case of company's inability to achieve the expected increase in revenue and profitability or deterioration in overall financial risk profile and working capital operations leading to further stretch in liquidity.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	57.30	50.87
PAT	Rs. Cr.	1.11	1.21
PAT Margin	(%)	1.94	2.38
Total Debt/Tangible Net Worth	Times	2.40	2.61
PBDIT/Interest	Times	1.77	1.70

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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](http://www.acuite.in).

### Rating History :

Not applicable

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.60	ACUITE BB-   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.00	ACUITE BB-   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.60	ACUITE A4   Assigned
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A4   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.06	ACUITE BB-   Stable   Assigned
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2024	Simple	2.11	ACUITE BB-   Stable   Assigned
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2026	Simple	0.63	ACUITE BB-   Stable   Assigned

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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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