



Press Release
QUARTERFOLD PRINTABILITIES PRIVATE LIMITED
January 10, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.50	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	49.50	-	ACUITE A3+ Assigned
Total Outstanding Quantum (Rs. Cr)	65.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Ba**) and short term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on Rs.65.00 crore bank facilities of Quarterfold Printabilities Private Limited (QPPL). The outlook is ‘**Stable**’.

Rationale for rating assigned.

The rating assigned factors in the established track record of the company along with the extensive experience of the promoters and healthy growth in the revenue on y-o-y basis with improving margins. The rating further takes into account the healthy financial risk profile of the company.

However, these strengths are partly offset by the intensive working capital operations. Additionally, the rating takes into account the geographical concentration and recoverability risk faced by the company, as a significant portion of its revenue is derived from African nations which hold low credit ratings.

About the Company

Started in 2014, Quarterfold Printabilities was a partnership firm based in Maharashtra which later in 2020 got converted to a private limited company. The company is engaged in providing printing and publication solutions for educational & corporate purposes majorly catering to African countries. The manufacturing unit of the company is located at Taloja MIDC, Navi Mumbai. The current directors of the company are Mr. Nilesh Jethanand Dhankani and Mrs. Charani Nilesh Dhankani.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Quarterfold Printabilities Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operation with experienced management

The company is owned and managed by Mr. Nilesh Dhankani, who is involved in this industry for more than two decades. The extensive experience of the promoters has benefited the company in achieving a CAGR of 91 percent

over the last three years. QPPL is mainly engaged in the business of providing educational printing solutions for African countries. Its exports to various African countries like Ghana, Ivory Coast, Nigeria, Tanzania, Kenya, Uganda accounted for nearly 82% of its revenue in FY24 (95 % in FY23). Further, company also caters to domestic publishers for NCERT printing. Also, the company in FY25 has started diversifying its business into other international markets, including the UK, USA and Germany which will add to the company's growth going ahead.

Acuite believes that QPPL will continue to benefit from its established track record of operations and experience of its management.

Significant growth in operating performance along with profitability

The company reported a revenue of Rs. 292.18 crore in FY24, marking a significant increase from Rs. 177.44 crore in FY23 and Rs. 97.49 crore in FY22. This growth is attributable to the strong order inflows both from international and domestic publishers. The company's operating margins have also improved over the years, standing at 17.88 percent in FY24 as against 14.9 percent in FY23 on account of improving efficiency in operations and reduction in input cost. Further, the major raw material for the company is paper i.e. text paper and cover paper which constitute ~70 percent of raw materials cost for the company. The order contracts allows the company to pass on fluctuations in the cost of its main raw material, paper which ensures that the company's operating margins remain unaffected. The company in the current year have registered a revenue of Rs. 215 crore till November 30, 2024.

Healthy Financial risk profile

The financial risk profile of the company remained healthy marked by a healthy net worth, low gearing, and healthy debt protection metrics. The net worth of the company stood healthy at Rs. 100.79 Cr. as on March 31, 2024 as against Rs. 68.51 Cr. as on March 31, 2023. The increase in net worth is primarily due to the accretion of profits to the reserves. Further, Acuite has considered the interest free unsecured loans worth Rs.37.03 Crore infused by the promoters as quasi equity in line with terms of the debt facilities availed by the company. The gearing of the company increased to 0.25 times as on March 31, 2024 as against 0.10 times as on March 31, 2023 on account of increase in working capital borrowings. Furthermore, the company plans to increase its working capital limits going ahead to support its growing operations. The TOL/TNW stood at 0.98 times as on March 31, 2024 as against 0.79 times as on March 31, 2023. The debt protection metrics remained healthy with DSCR and Interest coverage ratio standing at 11.06 times and 16.18 times respectively as on 31st March 2024.

Acuite believes that the financial risk profile of the company shall continue to remain healthy with growing operations and steady cash accruals.

Weaknesses

Intensive Working capital operations

The working capital operations of the company remains intensive marked by GCA days of 207 days in FY24 as against 206 days in FY23. This is majorly attributable to high debtor days which stood at 176 days in FY24 as against 148 days in FY23. On an average, the company offers a credit period of 130-140 days to its customers. However, for new customers the offer period is reduced to 60 days, and it is on advance basis in new markets like US, UK & Germany. Further, the inventory days decreased and stood at 27 days in FY24 as against 37 days in FY23. The creditors days stood at 111 days in FY24 as against 118 days in FY23. The company on an average gets a credit period of 90 days from paper suppliers.

Acuite believes that working capital operations of the company may continue to remain intensive considering the nature of business.

Geographical Concentration & Recoverability Risk

QPPL is exposed to geographical concentration risk, as more than 75 to 80 percent of its sales comes from African nations which are prone to economical risk. Any imbalances in the economy of these countries shall harm the operations of QPPL. The company exports to African countries such as namely Ghana, Ivory Coast, Nigeria, Tanzania, Kenya, Uganda etc which hold low credit rating. Further, majority of the debtors of QPPL are on collection basis which may pose a recoverability risk. However, the long standing relationship with its customer and insurance cover on exports shall help the company to combat such risk. Also, the company naturally hedges the foreign currency risk against its paper imports and forex limits.

Acuite believes that going forward the geographical concentration will remain a key monitorable.

Rating Sensitivities

- Growing scale of operations with sustainable margins.
- Improvement in the working capital operations.
- Reduction in the geographical concentration risk.

Liquidity Position

Adequate

The liquidity position of QPPL is adequate marked with net cash accruals (NCA) of Rs.35.99 crore in FY24 as against no major repayment obligations in the same year. Further, it is expected that company will generate NCA in range of Rs.45 to Rs.55 crore against the repayment obligations of less than Rs. 2 crore over the medium term. The current ratio of the company stood at 1.75 times in FY 2023-24. The average bank limit utilization for last 8 months November 2024 stood low at 41 percent on closing basis. Further the company is expected to enhance its working capital limits by Rs. 15-20 crore to support the growth in its business operations. The company

maintained cash and bank balance of Rs. 1.74 Crore as on March 31, 2024.

Acuite believes that the liquidity position of the company will continue to remain adequate on account of steady cash accruals.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	292.18	177.44
PAT	Rs. Cr.	32.64	17.54
PAT Margin	(%)	11.17	9.89
Total Debt/Tangible Net Worth	Times	0.25	0.10
PBDIT/Interest	Times	16.18	21.85

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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of Baroda	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.00	Simple	ACUITE A3+ Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	32.50	Simple	ACUITE A3+ Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	03 Nov 2023	Not avl. / Not appl.	30 Jul 2027	4.73	Simple	ACUITE BBB Stable Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	28 Aug 2024	Not avl. / Not appl.	05 Mar 2025	0.77	Simple	ACUITE BBB Stable Assigned

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