



Press Release
SILVERPOINT PRESS PRIVATE LIMITED
February 07, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.00	ACUITE B Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	18.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE B**' (read as **ACUITE Bo**) n Rs. 18.00 Cr. bank facilities of Silverpoint Press Private Limited (SPPL). The outlook is '**Stable**'.

Rationale for Rating Assigned

The rating recommendation considers the below average financial risk profile, intensive working capital operations and poor liquidity position of the company as evident by negative net worth, higher gross current asset days and insufficient net cash accruals to repay its maturing debt obligations. However, rating also considers the improvement in revenue along with operating margins over the recent years and the proposed capex spends in fiscal 2026 which is expected to improve the operating performance further.

About the Company

Established in 1988, Silverpoint Press Private Limited (SPPL) is engaged in the business of commercial printing. The company's registered office is in Mumbai and has its printing plant in Navi Mumbai. The company caters to various industries such as corporate houses, hospitality, pharmaceutical, banking and finance, advertising agencies as well as creative artists, photographers and designers. The current directors of the company are Mr. Shabbir Taher Muchhala, Mr. Daniel Shabbir Muchhala, Mrs. Ayman Taher Muchhala and Mrs. Sarah Shabbir Muchhala.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Established track record of operations along with experienced management

SPPL was incorporated in the year 1988. The directors of the company have been engaged in the business line for more than three decades. The extensive experience of the directors has helped in establishing healthy relationships with its customers and suppliers. The clientele profile includes reputed clients like Reliance Industries, Indian

Hotels Company Ltd, Axis Bank, GM Modular, Welspun, Sony Entertainment, etc. Currently, the production capacity of printing machines is 1,86,000 sheets in 24 hours.

Acuité believes that the company will benefit from the experience of the directors along with a healthy relationship with its customers and suppliers.

Recovery in scale of operations post Covid-19

While the financial performance of the company declined for the period FY2020-2022 owing to the industry-wide

challenges faced during COVID-19 lockdown, the same have stabilised now. In FY24, the company marked a revenue of Rs. 38.35 Cr. as against Rs. 43.42 Cr. in FY23 and Rs. 28.99 Cr. in FY22. The increase in the revenue in FY23 was driven by a special order received from Reliance Industries Ltd of ~Rs. 7.00 Cr. Further, the company has achieved revenue of Rs. 24.72 Cr. till November' 2024. The operating profit margin of the company stood improved at 12.33 percent in FY24 as against 11.42 percent in FY23 and 4.77 percent in FY22.

Going forward, the company plans to increase its printing capacity by 60-70% by fiscal 2026 with total capex of Rs. 10.00 Cr. which shall be funded through an additional term loan of approx. Rs. 6.00 Cr. and balance will be funded by the promoters.

Acuité believes that the ability of scale its operations with stable margins shall be a key rating sensitivity.

Weaknesses

Below average financial risk profile

The company's financial risk profile is below average marked by negative tangible net worth of the company of Rs. (10.99) Cr. as on March 31, 2024, as against Rs. (10.84) Cr. as on March 31, 2023. The total debt stood at Rs. 37.02 Cr. in FY24 as against Rs. 34.56 Cr. in FY23. Further, the debt protection metrics stood low as marked by interest coverage ratio of 1.44 times in FY24 as against 1.47 times in FY23 and debt service coverage ratio of 0.97 times in FY24 as against 0.95 times in FY23. The debt obligations are supported by infusions from promoters, Rs. 3.64 Cr. in FY24 and Rs. 12-13 Cr. till November 30, 2024.

Acuité believes that further stretch in the financial risk profile with proposed capex spends shall be a key rating sensitivity.

Intensive nature of working capital operations

The working capital management of the firm is intensive marked by high gross current assets (GCA) of 202 days in FY24 as against 192 days in FY23, driven by debtor and inventory days along with high other current assets. The inventory days stood at 60 days in FY24 as against 55 days in FY23, pertaining to the inventory of paper and ink to be maintained by the company of around 60 days. The debtor days stood at 96 days in FY24 as against 85 days in FY23. The company generally extends a high credit period of 75-100 days to its customers. The creditor days stood at 44 days in FY2024 as against 61 days in FY2023. The company receives a credit period of around 60-90 days from its suppliers.

Fluctuations in raw material pricing along with intense competition

The key raw materials required by the company are printing paper and ink. Its operating profitability remains vulnerable to fluctuations in the prices of these key inputs. The printing industry is highly fragmented and competitive due to small initial investment and low complexity of operations, resulting in a large number of unorganized players in the market. This limits the bargaining power of moderate players like SPPL with suppliers and customers.

Rating Sensitivities

- Improvement in scale of operations at sustainable margins
- Maintaining sufficient liquidity and adequate infusion of funds by promoters
- Any further deterioration of financial risk profile posing challenge for debt repayments

Liquidity Position

Poor

The company has poor liquidity position marked by net cash accruals of Rs. 1.42 Cr. in FY2024 as against its maturing debt obligations of Rs. 1.59 Cr. for the same period. To meet its debt obligations, the promoters have infused Rs. 3.64 Cr. in FY24. Going forward, the cash accruals of the company are estimated to remain in the range of around Rs. 3.00-3.50 Cr. during FY2025-26 against repayment obligations ranging around Rs. 1.47 Cr. annually. for the same period. The average utilisation for the cash credit bank facility is moderate at ~80.05 percent for the last six months ended December' 2024. Furthermore, the company maintained unencumbered cash and bank balances of Rs. 0.22 Cr. as on March 31, 2024. The current ratio stood at 0.80 times as on March 31, 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	38.35	43.42
PAT	Rs. Cr.	(0.18)	(0.15)
PAT Margin	(%)	(0.46)	(0.34)
Total Debt/Tangible Net Worth	Times	(3.37)	(3.19)
PBDIT/Interest	Times	1.44	1.47

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>
- 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, 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
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE B Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.54	Simple	ACUITE B Stable Assigned
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Term Loan	15 Nov 2018	Not avl. / Not appl.	30 Sep 2027	2.34	Simple	ACUITE B Stable Assigned
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Term Loan	28 Jul 2020	Not avl. / Not appl.	30 Sep 2027	3.00	Simple	ACUITE B Stable Assigned
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Term Loan	22 May 2024	Not avl. / Not appl.	30 Apr 2031	0.12	Simple	ACUITE B Stable Assigned

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About Acuité Ratings & Research

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