



Press Release

Solar Print Process Private Limited (SPPPL)

August 23, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	13.25	IVR BB+/ Stable (IVR Double B plus with stable outlook)	-	Assigned	Simple
Total	13.25 (Rupees thirteen crore and twenty-five lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its rating to the Bank facilities of SPPPL based on the strength it derives from experienced promoters, moderate financial risk profile with modest EBITDA margin and moderate credit metrics. The rating is however constrained by exposure to intense competition in a highly competitive industry given the fragmented and unorganised structure of the printing and packaging industry and volatility in the raw material prices.

Key Rating Sensitivities:

Upward Factors

- An improvement in the scale of operations, along with an improvement in the overall credit metrics as well as the liquidity profile on a sustained basis.

Downward Factors

- Deterioration in the scale of operations, leading to deterioration in the overall credit metrics on sustained basis.
- Any unplanned major deb-funded capex leading to strain on liquidity and debt-protection metrics on sustained basis.



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoters with long operational Track Record

The company's promoters have more than two decades of experience in the printing and packaging industry. This has facilitated the company to establish strong relationships with customers as well as suppliers and all stakeholders in general.

Moderate financial risk profile with modest EBITDA margin and moderate credit metrics

In FY24(refers to period April 01, 2023 to March 31, 2024), the company's EBITDA margins remained modest at 11.12% in FY24 (FY23: 8.52%; FY22: 7.69%), mainly on account of decline in the cost of raw materials. The cost of raw material accounted for 65%-70% of the overall revenue in FY24; hence, it remains one of the major components of the company's cost structure. The operating margin will remain exposed to raw material price movements and will remain a key monitorable over the medium term. IVR expects the EBITDA margins to remain moderately unchanged over the near-to-medium term. The return on capital employed was 7.69% in FY24 (FY23: 3.92%; FY22: 1.86%).

The credit metrics remained moderate albeit the interest coverage declined to 3.76x in FY24 (FY23: 5.61x; FY22: 5.66x) and the overall gearing ratio increased to 1.75x as on March 31, 2024 (1.18x as on March 31, 2023), due to increase in the total debt to Rs 37.69 crore as on March 31, 2024 from Rs.23.65 crore as on March 31, 2023..

Key Rating Weaknesses

Exposure to intense competition

SPPPL operates in a highly competitive industry, given the fragmented and unorganised structure of the printing and packaging industry. A large portion of the industry is serviced by unorganised players, which caters to small scale requirements of clients across industries, while the remaining market is dominated by a few major players.



Press Release

Exposed to the volatility in the raw material prices:

The operating margin will remain exposed to raw material price movements and will remain a key monitorable over the medium term. Major raw material of the SPPPL is paper, which is susceptible to market's demand & supply situation. The cost of raw material remains the main component of the company's cost structure and accounted for 65%-70% of the overall revenue in FY24.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

SPPPL's gross cash accrual in FY24 was Rs. 6.38 crore as against the yearly term loan repayment in the range of Rs.2.0-2.5 crore in the projected period of FY25-27 which reflects adequate surpluses to meet term loan obligations. SPPPL's average utilisation of the fund-based working capital limits was ~58% during the 12 months ended June 2024, which provides adequate headroom to manage short term cash flow mismatch, if any. The cash and cash equivalents stood at Rs 4.53 Crore as on March 31, 2024(Provisional). Current ratio has improved from 0.93 as on March 31, 2023 to 1.13 as on March 31, 2024.



Press Release

About the Company

Solar Print Process Private Limited, established in 1975, offers professional printing and packaging solutions. SPPPL provides offset printing and customised packaging solutions to various industries ranging across FMCG, Beauty, Pharmaceuticals, Health, Food, Media, Education, Banking, IT, and Automotive, among others..

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	83.27	81.24
EBITDA	7.09	9.03
PAT	0.37	1.48
Total Debt	23.65	37.69
Tangible Net Worth	20.03	21.57
EBITDA Margin (%)	8.52	11.12
PAT Margin (%)	0.44	1.82
Overall Gearing Ratio (x)	1.18	1.75
Interest Coverage (x)	5.61	3.76

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: NIL

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based Bank Facilities – Cash Credit	Long Term	12.00	IVR BB+/ Stable (IVR Double B plus with stable outlook)	-	-	-



Press Release

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2	Fund Based Bank Facilities – Term Loan	Long Term	1.25	IVR BB+/Stable (IVR Double B plus with stable outlook)	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



Press Release

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Oct 2030	0.91	IVR BB+/ Stable (IVR Double B plus with stable outlook)
Term Loan-1	-	-	-	Dec 2030	0.34	IVR BB+/ Stable (IVR Double B plus with stable outlook)
Cash Credit	-	-	-	-	12.00	IVR BB+/ Stable (IVR Double B plus with stable outlook)

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-SolarPrint-aug24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.