



Rating Rationale

Nice Prints

15 Mar 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 8.34 Crores of M/s. Nice Prints.

Particulars

Facilities	Amount (₹ Crs)	Tenure	Rating*
Fund based: Cash credit Term Loan #	3.50 4.84	Long Term	BWR B+ (Pronounced as BWR Single B plus) Outlook Stable
Total Amount	8.34	INR Eight Crores and Thirty Four Lakhs Only	

Term loan amount outstanding as on 8.3.2019

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

BWR has essentially relied upon the firm's audited financial results up to FY 18, projected financials for FY 19 till FY 21, publicly available information and information/clarifications provided by the management.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has inter-alia, factored experience of the promoter in printing & packaging industry since 2001, continued relationship with reputed customers, improved net worth, consistent growth in sales revenue and profit level, comfortable debt service coverage ratio and ability to meet competition from many small & medium units in the region. However, the ratings are constrained by high gearing, low liquidity position and working capital intensive nature of operations.

Going forward ability of the firm to increase its scale of operations & profitability, to increase its liquidity position, improve its gearing with further infusion of capital and to manage its working capital efficiently will be the key rating sensitivities.



Description of Key Rating Drivers

- **Credit Strengths:**

Management Experience: Management of the firm is having vast experience in the relevant business for almost two decades.

Reputed Customers: Ability to maintain long standing relationship with reputed pharmaceutical companies in the city namely, Medreich Ltd, Stericon Pharma, Strides Pharmascience etc., in and around Bangalore region.

Improved operating revenue: Consistent growth in Operating revenue and profit level of the firm. Operating revenue for FY18 was at Rs. 20.36 crs while PAT stood at Rs. 1.17 crs as against Rs. 16.97 crs and Rs. 0.30 crs respectively in FY17. As reported by the management, Sales revenue till Dec 2018 was at Rs. 19.36 Crs, while Work on hand for FY19 stood at Rs. 15.29 Crs.

Net worth of the firm: Net worth of the firm for FY18 was at Rs. 5.58 Crs as against Rs. 4.48 crs in FY17

Comfortable Debt Service coverage ratio: Debt protection matrix has improved for FY18. ISCR for FY18 was at 4.09 times while DSCR was at 2.73 times as against 2.46 times and 1.81 times respectively in FY17

- **Credit Risks:**

High Gearing ratio of the firm: Debt Equity ratio of the firm has been high y-o-y. DE for FY18 was at 1.96 times as against 3.15 times in FY17 and 3.27 times in FY16

Liquidity position of the firm: Liquidity position of the firm has been low y-o-y; with Current ratio for FY18 at 0.76 times as against 0.62 times in FY17 and 0.53 times in FY16

Geographical concentration of customers to the region of Bangalore and surrounding areas.



Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes that **Nice Prints'** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

M/s. Nice Prints was established as Partnership firm on 29th January 2001 for carrying out the activities of Printing and Packaging in the region of Ramanagara, Karnataka. Presently, the management is constituted by two partners - Mr. R Dayananda Nayak, Managing Partner and Mrs. G Rashmi, Partner being wife of Mr. R Dayananda Nayak. Mr. Dayananda Nayak has experience of more than 2 decades in the relevant business. Further they are supported by a team of experienced personnel for day to day activities. The firm procures various raw materials like Boards, Paper, Ink and Chemicals mainly from suppliers located in and around Bangalore region. While its list of clientele includes various reputed pharmaceutical companies in and around Bangalore region. The firm has employed ~ 63 workers to carry out its daily operations.

Firm's Financial Performance

Operating revenue of M/s. Nice Prints for FY18 has been reported at Rs. 20.36 crs as against Rs. 16.97 crs in FY17, while the PAT for FY18 was at Rs. 1.17 crs as against Rs. 0.30 crs in FY17. As reported by the management, Sales revenue till Dec 2018 was at Rs. 19.36 crs. Net worth of the firm for FY18 stood at Rs. 5.58 crs. Debt Equity ratio for FY18 was at 1.96 times as against 3.15 times in FY17. Net profit margin has improved for FY18 at 5.73 percent as compared to 1.75 percent in FY17. Liquidity position has been low y-o-y with Current ratio for FY18 at 0.76 times as against 0.62 times in FY17.

Rating History for the last three years

S.No	Facilities	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	FY18	FY17	FY16
1	Fund Based: Cash Credit Term loan	Long	3.50	BWR B+ (Pronounced as BWR Single B plus) outlook stable	-	-	-
2		term	4.84				
Total Amount			8.34	₹ Eight Crores and Thirty Four Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments : None

Any other information: Not Applicable

Annexure I

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	20.36	16.97
EBITDA	₹ Cr	3.92	3.01
PAT	₹ Cr	1.17	0.30
Tangible Net worth	₹ Cr	5.58	4.48
Total Debt/Tangible Net worth	Times	1.96	3.15
Current Ratio	Times	0.76	0.62

Annexure II

Bank Loan Details

Facilities	Tenure	Amount Rated (₹ crs)	O/s as on (₹ crs)
Fund Based:			
Cash credit	Long term	3.50	Nil
Term Loan		4.84	4.84
Total Amount		8.34	



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



DISCLAIMER

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