

September 10, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA BB+/Stable (Assigned)
Proposed Term Loan	1.95	SMERA BB+/Stable (Assigned)
Letter of Credit	6.00	SMERA A4+ (Assigned)
Bank Guarantee	0.05	SMERA A4+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BB+** (read as SMERA double B plus) and a short-term rating of '**SMERA A4+** (read as SMERA A four plus) to the Rs.10.00 crore bank facilities of Shakti Containers Private Limited (SCPL). The outlook is '**Stable**'.

The ratings derive comfort from the extensive industry experience and the established operational track record of the company in the blow moulding industry and its moderate financial risk profile marked by comfortable debt protection metrics. These rating strengths are partially offset by the exposure of profit margins to raw material price fluctuations and modest scale of operations.

Outlook: Stable

SMERA believes that the company will derive benefit from the experienced management and established operational track record of the group. The outlook may be revised to 'Positive' in case the company registers healthy increase in cash accruals with effective working capital management resulting in a healthy financial profile. Conversely, the outlook maybe revised to 'Negative' in case of declining or low cash accruals or stressed liquidity resulting in a deteriorating financial profile.

Rating Sensitivity Factors

- Capital expenditure plan and its funding
- Sustenance of effective working capital management

About the Company

SCPL, incorporated in 1984 is a Chennai-based company engaged in manufacture of (High Density & High Molecular High Density Polyethylene barrels and drums. The company is headed by the Directors, Mr. Chhatarmal Baid and Mr. Vinit Kumar Baid. The promoters have been in the industry since 1979.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.79 crore on total revenue of Rs.38.18 crore as against PAT of Rs.0.27 crore on total revenue of Rs.26.94 crore in FY2013-14.

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