



SMERA RATINGS LIMITED

Shakti Containers Private Limited (SCPL)

*Rating
Rationale*

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.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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Rationale***Contact List:**

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