

October 19, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.50	SMERA B-/Stable (Assigned)
Term Loan - Proposed	2.00	SMERA B-/Stable (Assigned)
Packing Credit	0.50	SMERA A4 (Assigned)
Letter of Credit	2.00	SMERA A4 (Assigned)
FBN	1.00	SMERA A4 (Assigned)

SMERA has assigned a long term rating of '**SMERA B-**' (**read as SMERA B minus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of SNP Industries. The outlook is '**Stable**'. The ratings are constrained by the firm's limited operational track record and weak financial risk profile marked by loss in the first year of operations. However, the ratings are supported by the firm's experienced management.

Outlook: Stable

SMERA believes that the firm will benefit over the medium term from the promoters experience in this business. The outlook may be revised to 'Positive' if the firm's scale of operations increases substantially, while achieving higher profitability and increased net worth base. Conversely, the outlook may be revised to 'Negative' if the firm fails to achieve the scalability amidst intensifying competition in the area of operation or if the financial risk profile deteriorates owing to lower profitability and debt protection metrics along with higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity Factors

- Ability to scale up its business operations and improvement in the profitability margins along with capital structure
- Efficient working capital management

About the Firm

SNP Industries, incorporated in April, 2014, is a partnership firm promoted by Mr. Maharajan and family. The firm manufactures and trades in stainless steel utensils.

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