

Press Release

Manisha Packaging (MP)

08 February, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 10.00 Crore
Long Term Rating	SMERA BB-/Stable (Reaffirmed)
Short Term Rating	SMERA A4+ (Reaffirmed)

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA BB-**' (read as SMERA double B minus) and short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the above mentioned bank facilities of Manisha Packaging (MP). The outlook is '**Stable**'.

Manisha Packaging is engaged in the trading and manufacture (10 percent) of pre-school kits at Ghaziabad. Promoted by Mrs Manisha Aggarwal, the firm is also engaged in the trading of plastic jars/bottles for the confectionary industry. The factory is located at Ghaziabad.

The rating reaffirmation takes into account the decline in operating income, moderate scale of operations, average financial risk profile and the competitive and fragmented plastics packaging industry. However, the rating is supported by the experienced promoters and healthy order book.

List of key rating drivers and their detailed description

Strengths:

Experienced promoters: Mrs. Manisha Agarwal, the proprietrix, possesses experience of over a decade in the packaging industry.

Healthy order book: MP has a healthy order book of approximately Rs.35 crore which provides revenue visibility till 31 March, 2017.

Weaknesses:

Moderate scale of operations: MP's moderate scale of operations is marked by operating income of Rs.30.86 crore in FY2015-16 as against operating income of Rs.44.72 crore a year earlier.

Average financial risk profile: The operating margin stood at 2.03 per cent in FY2015-16 as compared to 1.73 per cent in FY2014-15. The interest coverage ratio stood at 1.28 times in FY2015-16 as against 1.34 times a year earlier. The Gross Current Assets (GCA) days are high and stand at 124 days for FY2015-16, an increase from 91 days for FY2014-15.

Competitive and fragmented industry: The firm is exposed to intense competition from several medium to large players in the plastics packaging industry.

Applicable Criteria

- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes that the firm will maintain a stable outlook owing to the extensive experience of the management in the packaging industry. The outlook may be revised to 'Positive' in case of improvement in profitability and capital structure while improving the scale of operations. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial profile.

About the Rated Entity

Manisha Packaging is engaged in the trading (90 percent) and manufacturing (10 percent) of pre-school kits at Ghaziabad. The firm is also engaged in the trading of plastic jars/bottles for the confectionary industry. The firm was promoted by Mrs Manisha Aggarwal and generates majority of its business by catering to government organisations for supply of pre-school kits.

For FY2015-16, the firm reported PAT (profit after tax) of Rs.0.12 crore on operating income of Rs.30.86 crore, as compared with PAT of Rs.0.18 crore on operating income of Rs.44.72 crore in FY2014-15. The net worth stood at Rs.4.41 crore as on 31 March, 2016 against Rs.3.60 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable): NA

Any other information: N.A.

Rating History for the last three years

Facilities	Scale	FY2017		FY2016		FY2015		FY2014	
		Amount Rs. Crore	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	5.00	SMERA BB- /Stable (Reaffirmed)	30 Nov, 2015	SMERA BB- /Stable (Assigned)	-	-	-	-
Bank Guarantee	ST	5.00	SMERA A4+ (Reaffirmed)	30 Nov, 2015	SMERA A4+ (Assigned)	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	N.A	N.A	N.A	5.00	SMERA BB-/Stable (Reaffirmed)
Bank Guarantee	N.A	N.A	N.A.	5.00	SMERA A4+ (Reaffirmed)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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