



SMERA RATINGS LIMITED

Sai Pet Preforms (SPP)

Rating Rationale

February 27, 2016

Facility	Amount (Rs. Crore)	Rating
Term Loan (Proposed)	13.00	SMERA B-/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B-**' (read as **SMERA B minus**) to the Rs.13.00 crore bank facility of Sai Pet Preforms (SPP). The outlook is '**Stable**'. The rating is constrained by the limited track record of operations and weak financial risk profile. The rating also notes that the firm's business is exposed to project execution risk as the windmill project at Anantapur, Andhra Pradesh is yet to be set up.

Rating Sensitivity Factors

- Increase in revenues with improvement in profitability
- Debt funded capex

Outlook: Stable

SMERA expects SPP to maintain a stable business risk profile. The outlook may be revised to 'Positive' if the scale of operation of the firm improves with improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of losses and higher than expected debt funded capex.

About the Company

The Bangalore-based SPP, was established in 2012 by Mr. P. S. Santosh Nag, Partner. The company is engaged in the manufacture of PET preforms and plans to set up a windmill project at Anantapur, Andhra Pradesh.

For FY2014-15, SPP reported net loss of Rs.0.24 crore on operating income of Rs.4.84 crore, as compared with net loss of Rs.0.17 crore on operating income of Rs.1.90 crore in FY2013-14. The company's net worth stood at Rs.5.81 crore as on March 31, 2015, as compared with Rs. 3.38 crore a year earlier.

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**Rating
Rationale****Contact List:**

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