

February 27, 2016

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

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 performs 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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**Contact List:**

Media/Business Development	Analytical Contact	Rating Desk
Mr. Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: <a href="mailto:vinay.chhawchharia@smera.in">vinay.chhawchharia@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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