



SMERA RATINGS LIMITED

Kirtiman Cements and Packaging Industries Limited (KCPIL)

Rating Rationale

April 04, 2016

Facility	Amount (Rs. Crore)	Rating
Cash Credit*	10.00	SMERA BB-/Stable (Assigned)

*Sublimit of Rs. 1.50 crore (ILC, FLC/ILG)

SMERA has assigned rating of '**SMERA BB-**' (read as **SMERA double B minus**) on the Rs.10.00 crore long-term fund based bank facility of Kirtiman Cements and Packaging Industries Limited (KCPIL). The outlook is '**Stable**'. The rating draws support from the long track record of operations, experienced management and established relations with customers. The rating is also supported by the moderate financial risk profile marked by moderate leverage (debt-to-equity ratio) and coverage indicators in FY2014-15 (refers to financial year, April 01 to March 31). However, the rating is constrained by susceptibility of margins to volatility in raw material prices and intense competition in the woven sacks industry.

Outlook: Stable

SMERA believes KCPIL will maintain a stable business risk profile in the medium term owing to its established operations and extensive experience of the promoters. The outlook may be revised to 'Positive' if the company registers improvement in operations and profitability margins. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of the operations while maintaining stable profit margins
- Working capital management

About the Company

KCPIL, established in 1996, is a Haryana-based company promoted by Mr. Ashwani Kumar Oberoi, Mr Sunil Kumar Oberoi and family. The company commenced operations in August 2008 and is engaged in the manufacturing and trading of poly propylene (PP) woven fabric and PP woven fabric bags. The company has an installed capacity of 6800 Metric Tonnes (MT) per annum and the KCPIL manufacturing unit is located at Haryana.

For FY2014-15, KCPIL reported profit after tax of Rs.0.60 crore on operating income of Rs.91.50 crore as compared with PAT of Rs.0.47 crore on operating income of Rs.86.28 crore for FY2013-14. The net worth stood at Rs.15.69 crore as on March 31, 2015 as compared with Rs.11.43 crore a year earlier.

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*Rating
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