

## Press Release

### Kesar Craft Packaging Private Limited

April 28, 2017

### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 8.50 Cr.
<b>Long Term Rating</b>	SMERA B / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs. 8.50 crore bank facilities of Kesar Craft Packaging Private Limited. The outlook is '**Stable**'.

Kesar Craft Packaging Private Limited (KCPPL) was incorporated in March 2016 by Mr. Pankesh Patel, Mr. Pritesh Patel, Mr. Ditin Patel and Mr. Kaushik Patel (Directors). The company has set up a corrugated manufacturing facility at Sabar Kantha - Gujarat with installed capacity of 2000 MT per annum. The operations commenced in February 2017. KCPPL mainly caters to companies such as Primal Glass, Crompton Greaves, Amul, Reliance Industries among others.

### Key Rating Drivers

#### Strengths

- **Experienced promoters**

The promoters, Mr. Pankesh Patel, Mr. Pritesh Patel, Mr. Ditin Patel and Mr. Kaushik Patel have over two decades of experience in the plastic and packaging industry.

#### Weaknesses

- **Limited operational track record**

KCPPL was incorporated in 2016. The company's corrugated box manufacturing facility was set up at a cost of Rs.9.73 cr funded through a term loan of Rs.5.60 cr and promoter's contribution of Rs.4.13 cr. The operations commenced from February 2017.

- **Below average financial risk profile**

The financial risk profile is below average with low net worth of ~Rs. 3.68 cr as on March 31, 2017. The gearing has been moderate at 1.80 - 2.30 times as on March 31, 2017. The ICR is expected to be low at ~1.00 times in FY2017 due to the nascent stage of operations.

- **Highly fragmented packaging industry**

KCPPL operates in a highly fragmented packaging industry with large number of organised and unorganised players.

#### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

#### Outlook: Stable

SMERA believes that KCPPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company is able to achieve significant growth in revenue and profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue and profitability, stretched liquidity or deterioration in the financial risk profile.

**About the Rated Entity - Key Financials****Status of non-cooperation with previous CRA (if applicable)**

None

**Any other information**

None

**Applicable Criteria**

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

**Note on complexity levels of the rated instrument**<https://www.smera.in/criteria-complexity-levels.htm>**Rating History (Upto last three years)**

Not Applicable

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	12-Mar-2023	5.60	SMERA B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.90	SMERA B / Stable

**Contacts**

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>  Ankit Gupta Analyst - Rating Operations Tel: 022-67141263 <a href="mailto:ankit.gupta@smera.in">ankit.gupta@smera.in</a>	Varsha Bist Sr. Executive Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit [www.smera.in](http://www.smera.in).

**Disclaimer:** *A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.*

---