

## 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

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### ABOUT SMERA

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