

Press Release

Fachara Plastech Private Limited

July 23, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 7.50 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B-** (read as **ACUITE B minus**)' on the Rs. 7.50 crore bank facilities of Fachara Plastech Private Limited. The outlook is '**Stable**'.

Fachara Plastech Private Limited (FPPL) was incorporated in December 2017 by Mr. Mukesh Fachara and Mr. Meet Fachara. It is a Rajkot-based company which will be engaged in manufacture of plastic kitchenware products like juicer, apple cutter, chopper, dicer, slicer, peeler, among others. The commercial operations are expected to start from October 2018. The company will have a capacity of 15,00,000 pieces per annum.

Key Rating Drivers

Strengths

• Experienced management

The Director, Mr. Mukesh Fachara has more than two decades of experience in the kitchenware industry through the group company, M/S Yogi Product. A partnership firm established in 1997 and is engaged in manufacturing of plastic containers used as kitchenware. Mr. Meet Fachara has been with M/S Yogi Product since 2014. In order to further expand the business with new branding, both the promoters have incorporated Fachara Plastech Private Limited in December 2017. Acuite believes that FPPL will be able to sustain its leverage on the promoter's long standing experience and established relationship in the industry.

Weaknesses

• Project execution risk

FPPL is setting up a manufacturing unit at Lodhika (Rajkot) to manufacture Kitchenware products with installed capacity of 15,00,000 pieces per annum. The total project cost is around Rs.10.75 crore out of which Rs.~2.62 crore has been incurred as on May 2018. The project is expected to be funded partly through term loan from bank of Rs.7.50 crore and the remaining Rs.2.25 crore through equity share capital and Rs.1.00 crore through unsecured loans from promoters. The commercial date of production is expected to be October 2018. Any significant delays in implementation of the project, achieving the commercial operations will impact the debt protection indicators. Acuite believes that the timely completion of the project is critical to the credit profile of FPPL.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Fachara Plastech Private Limited to arrive at the rating.

Outlook: Stable

Acuite believes that FPPL will maintain a 'Stable' credit profile over the near to medium term on the back of experienced management and established network in the industry. The outlook may be revised to 'Positive' if FPPL commissions the project in time and exhibits higher than expected flow of orders. Conversely, the outlook may be revised to 'Negative' if there are any delays in commissioning of the project.

About the Rated Entity - Key Financials

Not applicable as the commercial operations has not commenced yet.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE B- / Stable

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About Acuité Ratings & Research:

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