

Rating Rationale

Brickwork Ratings upgrades/reaffirms “BWR BB/A4” for the Bank Loan Facilities aggregating ₹ 9.14 Cr of Amarsai Shrink Pack Private Limited.

Brickwork Ratings (BWR) has upgraded/ reaffirmed the following **Ratings**¹ for the Bank Loan Facilities of Amarsai Shrink Pack Private Limited (ASPPL or “the Company”):

Facility	Limits (₹Cr)	Present Rating	Previous Limits (₹ Cr)	Previous Ratings
Fund Based (FB)	5.45	Revised to Long Term BWR BB (BWR Double B) (Outlook: Stable)	5.00	Long Term BWR BB- (BWR Double B Minus) (Outlook: Stable)
Cash Credit				
Term Loan				
Non Fund Based (NFB)	1.00	Reaffirms Short Term BWR A4 (BWR A Four)	0.45	Short Term BWR A4 (BWR A Four)
Letter of Credit				
Total	9.14	Rupees Nine Crores and Fourteen Lakhs Only	8.11	Rupees Eight Crores and Eleven lakhs Only

BWR has principally relied upon the audited financial results of the Company up to FY15, provisional performance FY16 & projections up to FY 17, publicly available information and information/clarifications provided by the Company’s management.

The rating assigned to the bank facilities of Amarsai Shrink Pack Private Limited (ASPPL) positively factors extensive experience of the promoter’s in the industry, diversified product and customer portfolio and established relationships with clients. The rating is, however constrained due to relatively lesser business track record, modest scale of operations in a highly fragmented and technology-driven plastic packaging industry, susceptibility to raw material price volatility, intensely competitive industry and working capital intensive operations.

Background:

Amarsai Shrink Pack Private Limited (ASPPL) was incorporated in the year 2010 by converting it into private limited company from a constitution of partnership firm. This partnership firm was established previously in the year 2006 in the name and style of Amarsai Shrink Pack by its partners. Amarsai Shrink Pack Private Limited is in the domain of manufacturing, supplying, distributing, wholesaling and trading a broad array of Packaging Products. The company was established for the exclusive manufacture of PVC shrink film and reserve printed shrinks Labels. The Company manufactures premium quality packaging and labeling materials and has an installed capacity of 80 tonnes/month.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The Company is established and run by well experienced first generation entrepreneurs Mr. Machindra Shewale and Mr. Popat Gangurde. Now Mr. Popat Gangurde has retired during the previous year. He owned less than 5 % stake in Company and his shares have now been transferred in the name of Mrs. Sunita Shewale.

Mr. Machindra Shewale, aged 43 years, has completed Diploma in Electrical Engineering and has more than 21 years of experience in similar line. He holds 90% stake in the company. Mrs. Sunita Shewale has around 4 years of experience in similar line. She holds 10% stake in the company.

Financial Performance:

ASPPL revenue stood at ₹ 38.32 Crores in FY 15 as against ₹ 34.63 Crores in FY 14, showing an increment of ~ 10%. The operating profit margin and net profit margin were recorded at 11.27% and 4.05% respectively in FY 15. ASPPL has reported a profit after tax of ₹ 1.55 Cr in FY15 as against ₹ 1.35 Crores in FY 14, increased profitability on account of orders booked. The Company's tangible net-worth stood at ₹8.36 Crores in FY 15.

As per provisional, FY16 financials, ASPPL has achieved sales turnover of ₹43.03 Crores with operating profit margin and net profit margin of 11.08 and 4.15% & tangible net-worth stood at ₹10.15 Crores.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ASPPL ability of the company to consistently increase its revenue and manage the inventory, sustain the improvement in profitability, manage its working capital efficiently and achieving projected financial indicators would be the key rating sensitivities.

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