

## Rating Rationale

Nipra Packaging Pvt Ltd

16<sup>th</sup> May 2017

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 24.59 Crores of Nipra Packaging Pvt Ltd**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
<b>Fund Based</b>					
<b>Cash Credit Term Loan</b>	<b>9.00</b> <b>5.14</b>	<b>10.00</b> <b>4.78</b>	<b>Long Term</b>	<b>BWR B+</b> <b>Outlook:Stable</b>	<b>BWR B+</b> <b>Outlook: Stable</b>
<b>Non Fund Based</b>					
<b>Letter of Credit Bank Guarantee Forward Cover</b>	<b>5.50</b> <b>0.25</b> <b>0.11</b>	<b>9.50</b> <b>0.25</b> <b>0.06</b>	<b>Short Term</b>	<b>BWR A4</b>	<b>BWR A4</b>
<b>Total</b>	<b>20.00</b>	<b>Rs. 24.59 Crores</b> <b>(Rupees Twenty Four Crores and Fifty Nine Lakh Only.)</b>			

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials up to FY 16, projections up to FY 17 shared by the Company, publicly available information and information/clarification provided by the partners.



The ratings, inter alia, factor experience of the promoters in the Plastic processing industry, long standing relationship with its' clients, cross industry application of finished good, good revenue visibility in near future on account of production capacity expansion. The ratings is, however, constrained by high working capital intensity of the business, intense competition faced from fragmented industry and profitability susceptible highly volatile raw material prices linked to crude oil prices.

### **Rating Outlook: Stable**

BWR believes the Nipra Packaging Pvt Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

NPPL was incorporated in 2011. The company is engaged into manufacturing of Mild Steel and High Density Polyethylene Barrels which are widely used in pharmaceutical, chemical and oil industry. The company is primarily managed by its directors Mr. Rajesh Jain and Mr. Ritesh Jain.

### **Company's Financial Performance**

During the FY16, the company has managed to achieve operating income of ₹36.99 Cr as against ₹40.26 crore in FY15. PAT stood at ₹0.32 Cr in FY16 as against PBIT of ₹ 0.40 Cr in FY15.

**Rating History for the last three years (including withdrawn/suspended ratings)**

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	FY16	FY15	FY14
1	Term Loan	Long Term	4.78	BWR B+	BWR B+	-	-
2	Cash Credit	Long Term	10.00	BWR B+	BWR B+	-	-
3	LC	Short Term	9.50	BWR A4	BWR A4		
4	BG	Short Term	0.25	BWR A4	BWR A4		
5	Forward Cover	Short Term	0.06	BWR A4	BWR A4		

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

Analytical Contacts	Media
<a href="#">Dinesh Mahabal</a> GM- Ratings	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<b>Relationship Contact</b> <a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

**For print and digital media**

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).



### **About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

### **DISCLAIMER**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.