Press Release

Brickwork Ratings assigns 'BWR BB+' Rating for SPP Foods Products Pvt Ltd.'s long-term Bank Loan Facilities of ₹ 15.62 Crores and Rating of 'BWR A4+' for short-term facilities of ₹ 0.75 Cr

Brickwork Ratings (BWR) has assigned the rating of '**BWR BB+' (Pronounced BWR Double B plus)** with a stable outlook for the **SPP Foods Products Pvt Ltd.'s** fund based bank loan of ₹ 15.62 Cr and **BWR A4+(pronounced BWR A Four Plus)** to the non-fund based bank facilities of ₹ 0.75 Cr.

Credit facilities with this rating are considered to have moderate risk of default regarding timely serving of financial obligations.

Facility	Limits (₹ Cr)	Rating
Fund Based Facility	**Cash Credit/ Working Capital ₹15.62 Cr**	**BWR BB Plus (Pronounced BWR BB Plus) (Outlook: Stable)** Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations
Non Fund Based Facility	**Letter of credit ₹0.50 Cr** **Bank Guarantee ₹0.25 Cr**	**BWR A4(BWR A Four Plus)** Instruments with this rating are considered to have **minimal degree** of safety regarding timely payment of financial obligations. Such instruments carry very high credit risk and are susceptible to default.
Total	**₹16.37 Cr**	

BWR has essentially relied upon SPP Food Product's Pvt. Ltd audited financial results for last three years and information/clarification provided by the Company management.

The rating factors in the diversification of the revenue stream supported by diverse customer and product portfolio and moderate financial risk profile marked by low gearing and comfortable debt protection metrics. However, the ratings are constrained by small scale of operation in highly fragmented PP (Polypropylene) industry and no major capital infusion by the promoters in the recent capacity expansion.

Company Background:

The company Started in 2006 at Rudrapur (Uttarakhand) manufactures polypropylene (PP), Polyethylene (PE) bags and fabrics (woven) and Polyethylene terephthalate (PET) preform bottles. PP/PE bags are used for packaging cement, fertilizer, textiles, sugar and rice. Leno bags are used to package fruits and vegetables. PET preform bottles are used to package mineral bottle and soft drinks. Currently, the company has PP and leno bag manufacturing capacity of 3200 tonnes per annum and PET (Polyethylene terephthalate) preform bottle manufacturing capacity of 600 tonnes per annum. The Company has added new capacity of 4500 tonnes per annum (non-woven fabric) since July, 2012.

Net sales for FY12 jumped by marginal 3.8% to ₹29.36 Cr from ₹ 28.28 Cr in FY11. The top line of the company has grown at CAGR of ~11% over the last 4 years. Operating margin for FY12 stood at 8.59% compared to 9.75% in the previous year. During FY12, the Company reported Profit After Tax (PAT) of Rs0.6 Cr , fall of 14.3% compared to the previous year.

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