Rating Rationale

Brickwork Ratings assigns the long term rating of 'BWR B' for the Bank Loan Facilities of ₹ 9.85 Cr to Shriram Plast (SP or 'the Firm')

Brickwork Ratings (BWR) has assigned the following **Rating**[1] for the Bank Loan Facilities of Rs. 9.85 Crores of Shriram Plast **("SP" or "the Firm"):**

Bank	Facilities	Limits (₹ Cr)	Tenure	Rating
	Fund Based		Long Term	BWR B (Pronounced BWR B) (Outlook stable)
Madya Pradesh Financial Corporation	Term Loan	**6.85**		
Punjab National Bank	Cash Credit	**3.00**		
Total		**9.85 (INR Nine Crores and Eighty Five Lakhs Only)**		
*Note: *CC Limit of ₹ 3.00 Cr is proposed at Punjab National Bank*				

BWR has essentially relied upon audited financials of FY15, the provisional financials upto 31st Dec 2015, projected financials upto FY17, publicly available information and information/clarifications provided by the firm's management.

The rating has factored, *inter alia*, the locational advantage of the manufacturing unit, better demand outlook for PVC products. However, the management team is comparatively less experienced in their line of activity. Stabilization risks considering short span of operations of the firm, intense competition from organized as well as unorganized players are also factored.

Background:

Shriram Plast, a partnership firm, was established in 2014. The firm is engaged in manufacturing of plastic molding item and plastic door and furnitures. Commencement of operations started in July 2015. Its manufacturing unit is located at Ranjhi, Jabalpur, Madhya Pradesh.

The firm procures raw material from suppliers located in Rajasthan and Maharashtra. The firm sells finished products in the states of Madya Pradesh, Uttar Pradesh, Bihar, Chattisgarh, West Bengal.

Ownership & Management:

Mr. Vijaykumar Shrivastava and Mrs. Alka Shrivastav (w/o Mr. Abhayraj Shrivastav) are partners with profit share of 40% and 60% respectively. Mr. Vijayraj Shrivastav along with Mr. Abahayraj Shrivastav are directly involved in day to day operations of the company.

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

Financial Performance:

The promoters have informed that **c**ommencement of operations started in July 2015**.** The firm has estimated sales of Rs. 4.50 Cr with opearting profit margin 22.44% in FY16. The Total debt/Tangible net worth for FY16 is estimated at 1.44 times. The projected profit margin is 1.67% and cash accrual is 0.07 times for FY16.

The firm has informed of having achieved turnover of Rs. 1.42 Crs, as on 31st December, 2015.

Rating Outlook:

Overall, the rating outlook is expected to be stable over the next twelve months. The ability of the firm to achieve the targeted revenue and efficiently manage its working capital - would be the key rating sensitivities.

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