

Rating Rationale

Brickwork Ratings assigns “BWR B-” for the existing Bank Loan facilities aggregating to ₹ 21.88 Cr of Sree Lakshmi Printing and Packaging Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the existing Bank Loan Facilities of Rs. 21.88 Cr of **Sree Lakshmi Printing and Packaging Pvt Ltd** (“SLPPPL” or “the Company”):

Facilities	Existing limits (₹ Cr)	Tenure	Rating ¹
Fund Based			
OLCC	8.00	Long Term	BWR B- (Pronounced BWR Single B minus) Outlook: Stable
Term Loan I	5.31		
Term Loan II	3.74		
Term Loan III	3.00		
Term Loan IV	1.83		
Total	21.88	INR Twenty One Crores Eighty Eight Lakhs Only	

*TLs o/s as of 14th April 2016.

BWR has essentially relied upon the audited financial results of the company up to FY15, projections up to FY18, publicly available information and information/clarifications provided by the management.

The rating has factored, inter alia, long experience of the promoters in the printing and packaging industry and absence of project execution risk as the installation of machinery has been completed and commercial operations are started in April 2014. However, the ratings are constrained by low scale of operations, weak debt protection metrics, low net worth and consequent high gearing level.

Background:

Sree Lakshmi Printing and Packaging Pvt Ltd is a private limited company, incorporated on 21 December 2012 promoted by Mr. N. Padmanaban and his family members. Commercial operations were started in April 2014. The company is engaged in manufacturing of Corrugated Boxes, Carton Boxes and Carton Rolls with and without printing. The installed capacity of the plant is 18000 MT per annum. Major raw material are Kraft paper and paper board.

The company has 3 sister concerns namely Sri Lakshmi Packagings, Sri Lakshmi Container Concepts and Sri Lakshmi Packaging Concepts - all of them are in to similar line of business.

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

Management:

Mr. Narasimhan Padmanaban, managing director of the company has more than 2 decades of experience in the packaging and printing industry. Other directors are Mr. Ramalingham Harihara Subramanian, Mr. Vijayaragavan Rangarajan, Mr. Veeraraghavan Sridharan Mrs. P Lakshmi and Mr. Anantharaman.

Financial Performance:

As per the audited financials of FY 15, the company has made net sales of ₹ 25.11 Cr. Company has reported net loss of ₹ 2.26 Cr in FY 15. The tangible net worth and debt equity stood at ₹ 1.17 Cr and 19.59x respectively as on March 31, 2015.

Rating Outlook:

The outlook of the company is expected to be stable over the current year. Going forward, ability of the company to increase its scale of operations, to bring down the gearing by improving its capital base, to improve its profitability and service its debt in a timely manner would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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.