

July 13, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	6.12	SMERA B+/Stable (Assigned)
Cash Credit	7.50	SMERA B+/Stable (Assigned)
Bills Discounting	4.00	SMERA A4 (Assigned)
Letter of Credit	9.50	SMERA A4 (Assigned)
Bank Guarantee	0.05	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (**read as SMERA B plus**) to the Rs.13.62 crore fund based bank facilities and '**SMERA A4** (**read as SMERA A four**) to the Rs.13.55 crore non-fund based bank facilities of Baddi Foils Private Limited (BFPL). The outlook is '**Stable**'. The ratings are constrained by the company's weak financial risk profile, working capital intensive business and exposure to raw material fluctuation risk. However, the ratings are supported by the experienced management and reputed clientele.

BFPL, established in 2005, is a Himachal Pradesh-based company, engaged in the manufacture of pharmacy medicine packaging material such as aluminium foils, aluminium ROPP caps and seals. The company has a weak financial risk profile marked by high gearing of 1.98 times as on March 31, 2014. The moderate profitability margins are reflected in the operating margin of 5.05 per cent and net margin of 1.98 per cent in FY2013-14 (refers to financial year, April 01 to March 31). The company's business is working capital intensive reflected in the gross current assets days of ~166 in FY2013-14. The company is also exposed to risk related to raw material fluctuations.

However, BFPL benefits from its experienced management. Mr. Sanjay Khurana, the promoter has around two decades of experience in the packing industry. Also, the company clients include pharmaceutical manufacturers such as Alembic Pharmaceutical Limited, Glenmark Pharmaceuticals Limited among others.

Outlook: Stable

SMERA believes the outlook on BFPL's rated facilities will remain stable over the medium term on the back of the company's experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected revenues and net cash accruals while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected net cash accruals, or in case of deterioration in the company's financial profile on account of stretch in working capital management or larger-than-expected debt-funded capital expenditure.

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About the Company

BFPL, incorporated in 2005, is a Himachal Pradesh-based company promoted by Mr. Sanjay Khurana. The company is engaged in the manufacture of pharmacy medicine packaging material such as aluminium foils, aluminium ROPP caps and seals.

For FY2013-14, BFPL reported profit after tax (PAT) of Rs.1.29 crore on operating income of Rs.68.62 crore, as compared with PAT of Rs.0.88 crore on operating income of Rs.50.33 crore for FY2012-13. The company's net worth stood at Rs.11.84 crore as on March 31, 2013, as compared with Rs.10.60 crore a year earlier.

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