

Press Release

Baddi Foils Private Limited

November 25, 2020

Rating Withdrawn



Total Bank Facilities Rated*	Rs.27.17 Cr.
Long Term Rating	ACUITE BB (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.27.17 crore bank facilities of Baddi Foils Private Limited (BFPL).

The rating has been withdrawn on account of request received from the company and NOC received from the banker as per Acuité's policy.

BFPL, incorporated in 2005, is a Baddi (Himachal Pradesh) based company promoted by Mr. Sanjay Khurana and Mrs. Geeta Khullar. The company is primarily engaged in the business of manufacturing primary packaging material for the pharmaceutical industry such as Aluminum Foils, Aluminum ROPP Caps and Seals.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of BFPL to arrive at this rating.

Key Rating Drivers

Strengths

• Experienced management

BFPL was established in 2005 as a private limited company by Mr. Aseem Khullar, Mr. Sanjay Khurana and Mrs. Geeta Khullar. The management of the company has experience of more than a decade in the given line of business. The extensive experience of the promoters in the aforementioned industry has helped the company to established long term relationship with its customers and suppliers.

• Modest financial risk profile

The financial risk profile of the company is moderate marked by moderate tangible net worth of Rs.23.99 crore as on 31 March, 2020 (provisional) as compared to Rs.21.77 crore same period last year. The gearing level of the company remained moderate at 0.86 times as on 31 March, 2020 (provisional) as compared to 0.99 times as on 31 March, 2019. The total debt of Rs.20.57 crore consists of working capital borrowings of Rs.13.88 crore, secured loan of Rs.0.74 crore and unsecured loan of Rs.5.95 crore from promoters as on 31 March, 2020 (provisional). Interest Coverage Ratio improved marginally to 2.77 times in FY2020 (provisional) as against 2.55 times in FY2019. The NCA/TD ratio remained almost at the same level of 0.17 times in FY2020 (provisional) as compared to 0.14 times in FY2019. Acuité believes that the financial risk profile of the company will remain moderate over the medium term on account of moderate growth in revenues and profitability.

Weaknesses

• Working capital intensive operations

The working capital operations of the company remained intensive, marked by GCA days of 164 days in FY2020 (provisional) compared to 155 days in FY2019. The inventory and debtors days of the company stood at 37 days and 123 days in FY2020 (provisional) as against 31 days and 120 days same period last year respectively. Subsequently, there was an increase in payables period from 72 days in FY2019 to 80 days in FY2020 (provisional). The working capital requirement of the company

is supported by bank lines which have been utilized around 70 percent in the last six months ended October, 2020.

• **Highly fragmented and competitive industry**

The company operates in a highly competitive and fragmented industry and faces tough competition from a large number of organized as well as unorganized players affecting the margins.

Liquidity Position: Adequate

The company has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.3.48 crore for FY2020 (provisional) while its maturing debt obligations were Rs.0.39 crore for the same period. The company maintains unencumbered cash and bank balances of Rs.0.03 crore as on 31, March, 2020 (provisional). The current ratio stood at 1.41 times as on 31 March, 2020 (provisional).

Rating Sensitivities

Not Applicable

Material Covenants

None

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	120.58	119.18
PAT	Rs. Cr.	2.25	1.81
PAT Margin	(%)	1.87	1.52
Total Debt/Tangible Net Worth	Times	0.86	0.99
PBDIT/Interest	Times	2.77	2.55

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
07-Oct-2020	Term Loan	Long Term	7.17	ACUITE BB (Downgraded from ACUITE BB+) Issuer not co-operating*
	Cash Credit	Long Term	10.00	ACUITE BB (Downgraded from ACUITE BB+) Issuer not co-operating*
	Letter of Credit	Short Term	10.00	ACUITE A4+ Issuer not co-operating*
18-July-2019	Term Loan	Long Term	7.17	ACUITE BB+ Issuer not co-operating*
	Cash Credit	Long Term	10.00	ACUITE BB+

				Issuer not co-operating*
	Letter of Credit	Short Term	10.00	ACUITE A4+ Issuer not co-operating*
19-April-2018	Term Loan	Long Term	7.17	ACUITE BB+ Issuer not co-operating*
	Cash Credit	Long Term	10.00	ACUITE BB+ Issuer not co-operating*
	Letter of Credit	Short Term	10.00	ACUITE A4+ Issuer not co-operating*

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/ Outlook
Term Loan	Not Available	Not Applicable	Not Available	3.17	ACUITE BB (Withdrawn)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BB (Withdrawn)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4+ (Withdrawn)
Proposed Working Capital Loan	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE BB (Withdrawn)

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About Acuité Ratings & Research:

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