

Press Release

Blaumann Industries Private Limited (BIPL)

30 January, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs 18.34 Cr
Long Term Rating	SMERA B+/Stable(Reaffirmed)
Short Term Rating	SMERA A4 (Reaffirmed)

*Refer annexure for details

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.18.34 crore bank facilities of Blaumann Industries Private Limited (BIPL). The outlook is '**Stable**'.

BIPL, established in 1994 is engaged in the manufacture and export of elastic tapes and narrow fabric.

List of key rating drivers and their detailed description

Strengths:

Experienced management and long track record of operations: The company benefits from its experienced management. Mr. Sambhu Prasad Agrawal, Managing Director, has around three decades of experience in the textile industry.

Average financial risk profile: The robust financial risk profile is marked by high gearing of 3.04 times, moderate net worth base of Rs.8.01 crore and interest coverage ratio (ICR) of 1.87 times in FY2015-16. The Net cash accruals to Total debt is at 0.09 times and low Debt Service Coverage ratio (DSCR) is at 0.33 times in FY2016.

Weaknesses:

Moderate scale of operation: Though the company has two decades of track record of operations, the revenue has been at a moderate scale of Rs.40.32 crore in FY2016 and Rs.37.11 crore in FY2015.

Working capital intensive business: The operations are working capital intensive marked by high gross current asset (GCA) days of 199 in FY2016 as against 173 days in FY2015. This necessitates working capital requirements as major funds gets blocked in inventory and debtors. The inventory and debtors days are high and stand at 106 and 95 days respectively in FY2016 as against 128 and 44 days in FY2015.

Analytical approach: SMERA has considered the standalone business and financial risk profile of BIPL.

Applicable Criteria:

- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities: <https://www.smera.in/criteria-manufacturing.htm>

Outlook: Stable

SMERA believes that BIPL will maintain a stable outlook in the medium term on account of its experienced management and financial risk profile. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

About the Rated Entity

BIPL, established in 1994 is a Kolkata-based company engaged in the manufacture and export of quality elastics tapes and narrow fabric. The manufacturing facilities are located at West Bengal and the overall operations are managed by the Directors, Mr. Sambhu Prasad Agarwal and Mr. Vikash Agarwal.

For FY2015-16, BIPL reported profit after tax (PAT) of Rs 0.12 crore on total operating income of Rs.40.32 crore, as compared with PAT of Rs.0.11 crore on total operating income of Rs.37.11 crore in FY2014-15.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	3.03	SMERA B+/Stable (Reaffirmed)	-	-	28-Aug, 2015	SMERA B+/Stable (Assigned)	-	-
Cash Credit	LT	12.00	SMERA B+/Stable (Reaffirmed)	-	-	28-Aug, 2015	SMERA B+/Stable (Assigned)	-	-
Letter of Credit	ST	3.31	SMERA A4 (Reaffirmed)	-	-	28-Aug, 2015	SMERA A4 (Assigned)	-	-

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Term Loan	N.A	N.A	Oct, 2021	3.03	SMERA B+/Stable (Reaffirmed)
Cash Credit	N.A	N.A	N.A	12.00	SMERA B+/Stable (Reaffirmed)
Letter of Credit	N.A	N.A	N.A	3.31	SMERA A4 (Reaffirmed)

Note on complexity levels of the rated instrument:

<https://www.smerra.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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