

## Press Release

### BTR PACKAGING PRIVATE LIMITED

February 14, 2018

#### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 10.00 Cr.
<b>Long Term Rating</b>	SMERA BB- / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4+

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (read as SMERA BB minus) and short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the Rs. 10.00 crore bank facilities of BTR PACKAGING PRIVATE LIMITED. The outlook is '**Stable**'.

BTR Packaging Private Limited was incorporated in the year 2005 by Tandon family. The company is engaged in the business of manufacturing and export of Shopping Bags. The manufacturing unit capacity is around 1600 metric tons.

#### **Key Rating Drivers**

##### **Strengths**

- Established track record of operations and experienced management**

The promoters, Tandon family have more than one decade of experience in the said line of business. Such a long experience has helped him in developing good relations with its customers.

- Moderate financial risk profile**

BTR has moderate financial risk profile marked by increase in gearing, decrease in interest coverage and increase in networth. The gearing of the company stands at 0.17 times as on March 2017 as against 0.07 times as on March, 2016. Moreover, the interest coverage ratio stood at 3.77 times in FY2016-17 as compared to 4.85 times FY2015-16. The networth of the company stood at Rs.16.29 crore in FY17 as against Rs.15.54 crore in FY16. The net cash accrual (NCA)/total debt (TD) is at 0.62 times in FY17 as against 2.28 times in FY16.

##### **Weaknesses**

- Modest revenue and declining margins**

The company has modest revenue of Rs.35.84 crore in FY16-17 as against Rs.35.92 crore in earlier year. The profitability has declined to Rs.0.76 crore in FY16-17 as against Rs.1.70 crore in FY15-16. The net EBITDA margin has declined to 3.05 per cent in FY16-17 as against 12.33 per cent in FY15-16.

- Susceptibility of profit margins to raw material prices**

The Company's products find their application in packaging industry. The profit margins are susceptible to fluctuations in the raw material prices of resin.

- **Intense competition**

The Company faces intense competition from various players in overseas which is likely to impact operating performance and profitability.

#### Analytical Approach

SMERA has considered standalone financial and business risk profile of the company to arrive at the rating.

#### Outlook: Stable

SMERA believes that the company will maintain its stable business risk profile on the back of the management's extensive experience in the packaging business. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case significant decline in capital structure resulting in further deterioration of financial risk profile.

#### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	37.51	35.92	30.97
EBITDA	Rs. Cr.	2.76	4.43	1.72
PAT	Rs. Cr.	0.76	1.70	-0.16
EBITDA Margin (%)	(%)	7.36	12.33	5.56
PAT Margin (%)	(%)	2.02	4.74	-0.52
ROCE (%)	(%)	10.06	22.90	12.84
Total Debt/Tangible Net Worth	Times	0.17	0.07	0.03
PBDIT/Interest	Times	3.77	4.85	1.67
Total Debt/PBDIT	Times	0.97	0.25	0.22
Gross Current Assets (Days)	Days	104	110	85

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

None

#### Any other information

None

#### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>

#### Note on complexity levels of the rated instrument

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

#### Rating History (Upto last three years)

Not Applicable

#### \*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA BB- / Stable
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	3.50	SMERA A4+

FBN/FBP/FBD/PSFC/FBE	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA A4+
Letter of credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA A4+

## Contacts

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 <a href="mailto:suman.chowdhury@smera.in">suman.chowdhury@smera.in</a>  Mrinal Mahip Executive Analyst - Rating Operations Tel: 011-49731304 <a href="mailto:mrinal.mahip@smera.in">mrinal.mahip@smera.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>  .

## ABOUT SMERA

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