

Press Release

Prachee Polyfilms Private Limited

08 May, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	SMERA B/ Outlook: Stable

** Refer Annexure for details*

Rating Rationale

SMERA has assigned long term rating of '**SMERA B**' (read as **SMERA B**) on the Rs.12.00 crore bank facilities of Prachee Polyfilms Private Limited. The outlook is '**Stable**'.

Prachee Polyfilms Private Limited (PPPL), (erstwhile known as Prachee Filaments Yarns Private Limited) was incorporated in 2009. The company promoted by Mr. Tejas Poddar and Mr. Rajesh Poddar manufactures metalised films with colourised coating. The company has a manufacturing plant near Surat (Gujarat) with installed capacity of 250 tonnes per month for metalised films and 80 tonnes per month for colourised coating.

Key rating drivers

Strengths

Experienced management:

PPPL was incorporated in 2009 by Mr. Tejas Poddar and Mr. Rajesh Poddar who have experience of two decades in the plastic industry.

Weaknesses

Average financial risk profile

PPPL has an average financial risk profile marked by low tangible net worth of Rs.2.59 crore as on 31 March, 2017 as against Rs.1.27 crore as on 31 March, 2016. The gearing stood at 5.08 times as on 31 March, 2017 as against 11.66 times as on 31 March, 2016. The debt of Rs.13.13 crore mainly consists of term loan of Rs.8.09 crore, unsecured loan of Rs.0.03 crore and working capital borrowing of Rs.5.01 crore as on 31 March, 2017. Interest Coverage Ratio (ICR) stood at 2.07 times for FY2017 as against 2.02 times in FY2016. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 8.71 times as on 31 March, 2017 as against 15.06 times as on 31 March, 2016. SMERA believes that the company will maintain its financial risk profile in absence of any capital expenditure.

Intensive working capital cycle

The operations are working capital intensive marked by high Gross Current Asset (GCA) of 133 days in FY2017 compared to 85 days in FY2016. The GCA days are mainly dominated by high debtor days of 91 days in FY2017. The cash credit facility was fully utilised for past six months.

SMERA believes that the efficient working capital management will be crucial to the company in order to maintain a stable credit profile.

Highly competitive industry

PPPL's performance is susceptible to intense competition from a high number of organised as well as unorganised players in the market.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of PPPL to arrive at the rating.

Outlook – Stable

SMERA believes that PPPL will maintain a 'Stable' outlook over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues or profit margins, or in case of deterioration in financial risk profile and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	39.95	38.38	27.10
EBITDA	Rs. Cr.	3.69	3.38	3.50
PAT	Rs. Cr.	0.68	0.71	4.86
EBITDA Margin	(%)	9.23	8.81	12.92
PAT Margin	(%)	1.70	1.85	17.95
ROCE	(%)	19.07	20.25	81.33
Total Debt/Tangible Net Worth	Times	5.08	11.66	65.93
PBDIT/Interest	Times	2.07	2.02	2.69
Total Debt/PBDIT	Times	3.49	3.80	2.32
Gross Current Assets (Days)	Days	133	85	99

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

CARE, vide its press release dated May 08, 2017 had denoted the rating of Prachee Polyfilms Private Limited as 'CARE B+/Stable; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings.

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.95	SMERA B/Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	5.71	SMERA B/Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.90	SMERA B/Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.44	SMERA B/ Stable

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ABOUT SMERA

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