

Press Release

3B Films Private Limited

August 31, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 39.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 39.00 crore bank facilities of 3B Films Private Limited. The outlook is '**Stable**'.

Incorporated in 2014, 3B Films Private Limited (3B Films) is a Gujarat-based company engaged in the manufacturing of Cast Polypropylene (CPP) films used in flexi packaging. The company is promoted by Mr. Ashok Babariya. 3B Films caters to the clients like Huhtamaki PPL Ltd, Amcor, Uflex. The company has its manufacturing unit located at Jambusar Highway (Gujarat State Highway) with an installed capacity of 7200 MTPA.

Key Rating Drivers

Strengths

• Experienced Management

The promoter Mr. Ashok Babariya and CEO personnel Mr. Malay Bhowmick have an experience of more than two decades in flexi packaging industry. The company is engaged in manufacturing of Cast Polypropylene (CPP) films used in flexi packaging. 3B Films is expected to benefit from the established relations of the promoters with customers and suppliers.

• Healthy Working Capital Cycle

3B Films has comfortable working capital cycle of 150 days in FY2017 as against 360 days in FY2016. The inventory holding stood at 86 days in FY2017 as against 269 days in FY2016 and debtors of 67 days in FY2017 as against 75 days in FY2016. The average cash credit utilization stood at 53 per cent for the six months ended April 2018.

Weaknesses

• Nascent Stage of Operations

The company was established in 2014 and began commercial operations in April 2017. As a result, the scale of operations has been moderate at Rs.31.33 crore in FY2017-18 (Provisional) with a net loss of Rs.4.23 crore.

• Risk Associated with Volatility in Raw Material Prices and Forex Rates

3B Films operates in plastic industry where the raw material is PP granules; prices of same are linked to crude oil prices. Further, the company imports 80 per cent of the raw material from Thailand. This has exposed to the risk associated with fluctuation of raw material prices and forex rates.

Analytical Approach

ACUITE has considered the standalone business and financial risk profiles of the 3B Films to arrive at the rating.

Outlook: Stable

ACUITE believes that the outlook for 3B Films will remain stable over the medium term on account of its experienced promoters. The outlook may be revised to 'Positive' if the company achieves more than expected revenue and improvement in capital structure. Conversely, the outlook may be revised to Negative in case of lower than expected revenues and/or deterioration in the capital structure.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	31.33	0.00	0.00
EBITDA	Rs. Cr.	2.60	(1.25)	0.00
PAT	Rs. Cr.	(4.23)	(2.04)	0.00
EBITDA Margin	(%)	8.30	(123405.71)	0.00
PAT Margin	(%)	(13.51)	(201656.39)	0.00
ROCE	(%)	1.25	0.00	0.00
Total Debt/Tangible Net Worth	Times	1.73	1.75	0.00
PBDIT/Interest	Times	0.54	(1.56)	0.00
Total Debt/PBDIT	Times	11.78	0.00	0.00
Gross Current Assets (Days)	Days	146	0.00	0.00

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	15.90	ACUITE B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	11.70	ACUITE B+ / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	1.40	ACUITE B+ / Stable

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About Acuité Ratings & Research:

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