

### Bagla Polifilms Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	8.00	SMERA BB/Stable (Assigned)
Term Loan I	0.63	SMERA BB/Stable (Assigned)
Term Loan II	8.41	SMERA BB/Stable (Assigned)
Letter of Credit (Import/Inland) Buyers Credit	4.00	SMERA A4+ (Assigned)
Bank Guarantee	1.00	SMERA A4+(Assigned)

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA double B**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.22.04 crore bank facilities of Bagla Polifilms Limited (BPL). The outlook is '**Stable**'. The ratings are supported by the extensive experience of promoters, moderate financial risk profile and healthy relations with business partners. However, the ratings are constrained by the moderate scale of operations and exposure to fluctuations in raw material prices. SMERA also notes the low debt service coverage indicator (DSCR) of BPL.

BPL manufactures heat shrinkable polyolefin display films. The promoters of the company possess experience of over two decades in the packaging industry. The financial risk profile is marked by moderate gearing of 1.55 in FY2015-16 as compared to 2.40 a year earlier. The coverage ratio was comfortable at 2.34 in FY2015-16 as compared to 2.07 in FY2014-15. The company registered net profit margin of 2.02 per cent in FY2015-16 as against 0.70 per cent in FY2014-15. BPL's relations with customers and suppliers have been healthy for the past six years.

The moderate scale of operations of the company is evident from the revenue of Rs.43.01 crore in FY2015-16 as compared to Rs.40.89 crore a year earlier. BPL is exposed to fluctuations in raw material prices since it imports crude oil based granules from Singapore, USA, and Switzerland among others. The DSCR of the company has been low at 1.04 times in FY2015-16 against 0.91 times in FY2014-15.

#### Outlook-Stable

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

#### Rating Sensitivity Factor

- Improvement in revenue while maintaining profitability

#### Criteria applied to arrive at the ratings:

- Manufacturing Entities

## About the Company

The Kolkata-based BPL, (the erstwhile Rani Sati Enterprises Private Limited) was incorporated on 18 March, 1988 by Mr. More and family. In 2009, the company was taken over by Mr. Madhusudan Bagla, Lalit Kumar Bagla, Mr. Dinesh Chandra Ray and Mrs. Pushpadevi Bagla and the name changed to Bagla Polifilms Private Limited. The company is engaged in the manufacture of heat shrinkable polyolefin display films used for protection and wrapping of FMCG goods. The constitution was changed to a limited company in 2011. BPL's manufacturing facility is located at Haridwar.

For FY2015-16, the company reported PAT (profit after tax) of Rs.0.87 crore on operating income of Rs.43.01 crore, as compared with PAT of Rs.0.29 crore on operating income of Rs.40.89 crore in FY2014-15. The net worth stood at Rs.12.57 crore as on March 31, 2016 against Rs.10.20 crore a year earlier.

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## ABOUT SMERA

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