

Press Release

Bagla Polifilms Limited (BPL)

08 December, 2017



Rating Upgrade

Total Bank Facilities Rated*	Rs. 24.00 Cr. (Enhanced from Rs. 22.04 Crore)
Long Term Rating	SMERA BB+/Stable (Upgrade and Assigned)
Short Term Rating	SMERA A4+ (Reaffirmed and Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has upgraded the long-term rating to '**SMERA BB+**' (**read as SMERA double B plus**) from '**SMERA BB**' (**read as SMERA double B**) and re-affirmed the 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). SMERA has also assigned long term rating of '**SMERA BB+**' (**read as SMERA double B plus**) and short term rating of '**SMERA A4+ (read as SMERA A four plus)**' on the Rs.1.96 crore bank facilities. The outlook is '**Stable**'.

The Kolkata-based BPL (the erstwhile Rani Sati Enterprises Private Limited) is led by Mr. Madhusudan Bagla, Mr. Lalit Kumar Bagla, Mr. Dinesh Chandra Ray and Mrs. Pushpadevi Bagla since 2009. The company is engaged in the manufacture of heat shrinkable polyolefin display films used for wrapping of FMCG goods. The installed capacity stands at 3350 MTPA. The manufacturing facility is located at Haridwar.

List of key rating drivers and their detailed description

Strengths

- **Experienced management**

The management has experience of over two decades. The Directors, Mr. Madhusudan Bagla and Mr. Lalit Kumar Bagla are also the Directors of Hindustan Adhesives Limited (HAL) since its incorporation in 1988.

- **Average financial risk profile**

The company has an average financial risk profile marked by moderate net worth of Rs. 14.19 crore in FY2017, an increase from Rs.12.57 crore in FY2016, mainly due to retention of current year profit. The moderate debt- equity ratio stood at 1.17 times in FY2017 compared to 1.55 times in FY2016, mainly on account of repayment of term loan. The Interest coverage ratio stood at a moderate 3.06 times and debt service coverage ratio at 1.78 times in FY2017. The NCA/TD stood comfortable at 0.28 times in FY2017.

Weaknesses

- **Working capital intensive operations**

The working capital intensive operations are marked by high gross current asset days (GCA) of 124 in FY2017 compared to 127 in FY2016. This is mainly due to inventory days of 49 and debtor days of 59 in FY2017 as against 47 and 64 days respectively in FY2016.

- **Moderate scale of operations**

The moderate scale of operations is evident from the revenue of Rs.48.39 crore in FY2016-17, an increase from Rs.43.01 crore in FY2015-16.

Analytical Approach

SMERA has taken a standalone view of the business and financial risk profiles of BPL.

About the Rated Entity - Key Financials

For FY2016-17, BPL reported profit after tax (PAT) of Rs 1.69 crore on total operating income of Rs.48.39 crore, compared with PAT of Rs.0.87 crore on total operating income of Rs.43.01 crore in FY2015-16. The tangible net worth stood healthy at Rs.14.19 crore in FY2017.

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

NA

Any other information

NA

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount	Ratings/Outlook
20 Oct, 2016	Cash Credit	Long Term	INR 8.00	SMERA BB/Stable (Assigned)
	Term Loan I	Long Term	INR 0.63	SMERA BB/Stable (Assigned)
	Term Loan II	Long Term	INR 8.41	SMERA BB/Stable (Assigned)
	Letter of credit (Import/Inland) Buyers Credit	Short Term	INR 4.00	SMERA A4+ (Assigned)
	Bank Guarantee	Short Term	INR 1.00	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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA BB+/Stable (Upgrade)
Term Loan I	Not Applicable	Not Applicable	Not Applicable	0.63	SMERA BB+/Stable (Upgrade)
Term Loan II	Not Applicable	Not Applicable	Not Applicable	8.37	SMERA BB+/Stable (Upgrade)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA A4+ (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A4+ (Reaffirmed)

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ABOUT SMERA

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