



## Press Release

### Asia Poly Films Industries

January 09, 2021

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	43.19	IVR BB+/Stable	Assigned
Short Term Bank Facilities	3.00	IVR A4+	Assigned
<b>Total</b>	<b>46.19</b> <b>(Forty-six crores and nineteen lakhs)</b>		

Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to bank facilities of Asia Poly Films Industries factors experienced partners and improving overall financial risk profile. However, rating is constrained on account of moderate debt protection metrics, presence in highly competitive industry, and susceptibility to volatile raw material prices.

#### Key Rating Sensitivities:

##### Upward Factors

- Growth in scale of operations with improvement in profitability leading to improvement in cash accruals on a sustained basis.

##### Downward Factors

- Any decline in scale of operations leading to deterioration in debt protection metrics

#### List of Key Rating Drivers with Detailed Description

##### Key Rating Strengths

- **Experienced Partners and management:**

The managing partners of the firm, Mr. Dipeshbhai Patel and Mr. Kiritbhai Fultariya, looks after the day to day operations of the firm and all the partners are having rich experience in the packaging industry.



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- **Improving overall financial risk profile:**

During FY2020 the firm achieved revenues of Rs. 218.64 crores as against Rs. 170.53 crores in FY2019. The EBITDA and PAT margins improved to 9.85% and 3.90% respectively. The Interest Coverage ratio stood comfortable at 3.01x.

### Key Rating Weaknesses

- **Moderate debt protection metrics:** The firm has moderate debt protection metrics as reflected in long term debt-to-equity ratio of 13.22x, overall gearing at 19.97x, TOL/TNW at 21.91x as of March 31, 2020.
- **Presence in a highly competitive industry:** The industry is highly competitive with a large number of organised and unorganised players which limits the bargaining power of the firm and places pressure on profitability.
- **Susceptibility to volatile raw material prices:** The primary raw material used in the manufacturing process is Polypropylene, which is crude oil derivative whose prices are subject to volatility in line with crude oil price.

**Analytical Approach:** Standalone

### Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)



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### **Liquidity –Adequate**

The liquidity is considered to be adequate as reflected from its gross cash accruals of Rs. 15.24 crores in FY2020 as against maturing debt obligations of Rs. 6.61 crores falling due over the next 12 months. The maximum monthly working capital utilisation stood at 95% for the past 12 months period till October 2020.

### **About the Firm**

Asia Polyfilms Industries was established in 2015 as a partnership firm. It is engaged in manufacturing of BOPP films from 12 microns to 50 microns used mainly in packing and tape industry. The manufacturing plant is located at Morbi, Gujarat, with an installed capacity of 25,000 MT per annum. Mr. Dipeshbhai Patel, Mr. Kiritbhai Fultariya, Nareshbhai Jivrajbhai Fultaria, and Mansukhlal Kanjibhai Patel are the Managing Partners and take care of day-to-day operations of the firm.

### **Financials (Standalone):**

<b>For the year ended / As on</b>	<b>31-03-2018</b>	<b>31-03-2019</b>	<b>31-03-2020*</b>
	<b>A</b>	<b>A</b>	<b>A</b>
Total Operating Income	140.83	170.53	218.64
EBITDA	-2.70	0.48	21.54
PAT	-18.83	-13.08	8.57
Total Debt	70.91	51.48	55.15
Adjusted Tangible Net worth	4.61	12.75	2.76
<b><u>Ratios</u></b>			
EBIDTA Margin	-1.92	0.28	9.85
PAT Margin	-13.18	-7.63	3.90
Overall Gearing ratio	15.38	4.04	19.97

### **Status of non-cooperation with previous CRA:**

None

**Any other information:** None



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### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Term loan	Long term	16.69	IVR BB+/Stable	-	-	-
2	GECL	Long term	7.50	IVR BB+/Stable	-	-	-
3	Cash credit	Long term	19.00	IVR BB+/Stable	-	-	-
4	Bank Guarantee	Short term	3.00	IVR A4+	-	-	-

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.



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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	-	-	June, 2025	16.69	IVR BB+/Stable
GECL	-	-	September, 2024	7.50	IVR BB+/Stable
Cash credit	-	-	-	19.00	IVR BB+/Stable
Bank Guarantee	-	-	-	3.00	IVR A4+