Rating Rationale

BLG Electronics Limited

5th May 2017

Brickwork Ratings assigns ratings for Bank Loan Facilities of Rs10.62 Crs (INR Ten Crores and Sixty Two Lakhs only) of BLG Electronics Limited('BEL' or 'The company').

Particulars

Facilities	Tenure	Rated Limits (Rs In Crs.)	Rating
Working Capital	Long Term	7.50	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable
Term Loan (Outstanding)		3.12	
Total Fund Based		**10.62**	
Inland Foreign LC/ Buyers credit	Short Term	(7.50)	BWR A4 (Pronounced as BWR A four)
Total Non Fund Based		**(7.50)**	
Total		**10.62**	**INR Ten Crores and Sixty Two Lakhs only**

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financials of FY 14, FY15 and FY16 and projections up to FY 18, publically available information and clarifications/information provided by the company.

The rating factors in the experience of promoters in this business, improved profitability and moderate financial risk profile with gearing at 2.05 times and interest coverage at 4.88 times.

However, the rating remains constrained by a decline in sales during FY17, intense competition due to a large number of players in this segment and susceptibility of profit margins to the currency fluctuation risk; though the same is mitigated to the extent of hedging undertaken by the company.

Rating Outlook: Stable

BWR believes the **BLG Electronics Limited's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company and Management

BLG Electronics Limited was incorporated in the year 1986 as a closely held public limited company. The Company is engaged in manufacturing of precision engineered printed circuit boards (single sided, double sided and multi sided).Also, the company has set up a manufacturing line for LED Lights and Camera Flash Lights. The proposed installed capacity of BEL (Including existing Capacity) is 53000 sq. metres/annum of Printed Circuit Boards, 193000 units/annum of LED Lights and 7200 units/annum of Camera Flash lights.

Company Financial Performance

Sales have increased from Rs.27 Crs (FY15) to Rs 33.46 Crs in FY 16. The company has posted a PAT of Rs.0.73 Crs in FY16.

The provisional and unaudited financial data for FY17 indicates a turnover of Rs 30.20 Crs and net profit at Rs 0.87 Crs.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
1	Fund Based	Long Term	Rs 10.62 Crs	BWR BB-	2014	2015	2016
2	Non-Fund Based	Short Term	Rs (7.50)Crs	BWR A4	---		

Hyperlink/Reference to Applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Short Term Debt

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA& the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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