Rating Rationale

Bloomflex Private Limited

14Mar2019

Brickwork Ratings revises/assigns the ratings for the Bank Loan Facilities of ₹ 14.89 Crores of Bloomflex Private Limited (BPL or Company).

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*		
	Previous	Present		Previous to previous (Aug, 2017)	Previous (Nov, 2018)	Present
Fund based	**3.74**	**6.77**	**Long Term**	**BWR BB-** (Pronounced as BWR Double B Minus) **Outlook: Stable**	**Rating Not Reviewed**	**BWR B+** (Pronounced as BWR Single B Plus) **Outlook: Stable Downgraded**
Non Fund Based	**5.81**	**5.81**	**Long Term**			
	-	**2.31**	**Short Term**	**Nil**		**BWR A4** (Pronounced as BWR A Four) **Assigned**
Total	**9.55**	**14.89**	**INR Fourteen Crores and Eighty Nine Lakhs Only**			

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Long term Rating downgraded and short term rating assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied on the audited financials upto FY18, projected financials upto FY20, publicly available information and information provided by the management.

The rating draws strength from the experience of the promoters, moderate gearing and recent relations with clientele supported by order book position. The ratings are however constrained by small scale of operations in nascent stage, negative profit margins, negative debt protection metrics and tight liquidity position.

Going forward, the ability of the company to increase its scale of operations with enhanced revenues, profits and profitability margins and service debt obligations promptly would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:
The promoters, Ms. A Lakshmi Mythri and Ms. Manasa Yeddula have about a decade of experience in the industry. The company's clientele includes brands such as Dodla Dairy, Vadilal Ice creams, Creamline Dairy Products etc and the company has an order book of ₹ 13.72 Crs to be delivered between Mar-July 2019. Gearing ratio is at 2.05x in FY18.

Credit Risks:
The company began its commercial operations in Jan 2017 and hence the operation of business is at a nascent stage. Net profit margin is negative at 42.22% and Operating profit margin is negative at 17.68% in FY18. Interest service coverage indicator is negative at (1.10)x in FY18 and Debt Service Coverage indicator is negative at (0.44)x in FY18. Tight liquidity position is marked by negative current ratio of 0.70x along with average utilisation of working capital limits at around 95% in the last 6 months.

Analytical Approach
For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*
BWR believes the **Bloomflex Private Limited** 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
Bloomflex Pvt. Ltd was established on 15th October 2014 and began commercial operations in January 2017. The company has its registered office in Hyderabad, Telangana and the manufacturing unit is located in Dundigal village, Rangareddy district, Telangana.

The company is involved in the manufacturing of flexible packaging material, flexible packaging films and pouches. It provides packaging solutions for various products such as beverages, food products, agriculture products, babycare products, personal hygiene products etc. The company also exports to Africa.

Company Financial Performance

The company reported Net sales of ₹ 6.23 Crs and Net loss of ₹ 2.63 Crs in FY18 as against Net sales of ₹ 0.23 Crs and Net Loss of ₹ 0.65 Crs in FY17.

Rating History for the last three years

<table>
<tr><th>Facility</th><th colspan="3">Current Rating (2019)</th><th colspan="3">Rating History</th></tr>
<tr><td></td><td>Type</td><td>Amount (₹ Crs)</td><td>Rating</td><td>5.11.2018</td><td>4.8.2017</td><td>2016</td></tr>
<tr><td>Fund Based</td><td>Long Term</td><td>6.77</td><td rowspan="2">BWR B+
(Pronounced as BWR single B Plus)
Outlook: Stable
Downgraded</td><td rowspan="3">Rating Not Reviewed</td><td rowspan="2">BWR BB-
(Pronounced as BWR Double B Minus)
Outlook: Stable</td><td rowspan="3">Not rated</td></tr>
<tr><td rowspan="2">Non Fund Based</td><td>Long Term</td><td>5.81</td></tr>
<tr><td>Short Term</td><td>2.31</td><td>BWR A4
(Pronounced as BWR A Four)
Assigned</td><td>Nil</td></tr>
<tr><td colspan="2">Total</td><td>14.89</td><td colspan="4">₹ Fourteen Crores and Eighty Nine Lakhs Only</td></tr>
</table>

Status of non-cooperation with previous CRA: Not to our knowledge
Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		**Audited**	**Audited**
Total Operating Income	In ₹ Crs	6.23	0.28
EBITDA	In ₹ Crs	-1.10	-0.13
PAT	In ₹ Crs	-2.63	-0.65
Tangible Net worth	In ₹ Crs	7.42	2.33
Total Debt/Tangible Net worth	Times	2.05	4.74
Current Ratio	Times	0.70	0.34

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Manufacturing Companies**
- **Short Term Debt**

For any other criteria obtain hyperlinks from website

Annexure I

Bank Facility Details

Bank	Facilities	Sanctioned Amount (₹ Crs)	Amount Rated (₹ Crs)
Andhra Bank, Hyderabad Road Branch	OCC (Sublimit-PC/FUBD)	3.50 (1.00)	3.50
	TL 1	2.30	1.68
	TL 2	1.10	0.93
	TL 3	0.90	0.66
	BG	2.31	2.31
	FLC	5.81	5.81
	Total	15.92	14.89

***O/s balance of term loans is as on 26.2.2019**

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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