



Rating Rationale

Safeco Hygiene Films Pvt Ltd

5 July 2017

Brickwork Ratings assigns ratings for the Bank Loan facilities of Safeco Hygiene Films Pvt Ltd ('SHFPL' or 'The Company')

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based			
Cash Credit	6.00	Long Term	BWR BB- (Pronounced as BWR double B minus) (Outlook:Stable)
Term Loan-I	25.09		
Term Loan-II	4.50		
Non-Fund Based			
Bank Guarantee	1.05	Short Term	BWR A4 (Pronounced as BWR A four)
Total	Rs. 36.64 Crs (Rupees Thirty Six Crores and Sixty Four Lakhs Only.)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Company's audited financial results of FY14, FY15 & FY16, provisional & unaudited results of FY17, projections for FY18 & FY19, publicly available information and clarifications/information provided by Promoters.

The rating draws strength from adequate experience of the promoters in the business, increasing revenues and a reputed clientele. The ratings are however, constrained by stressed liquidity, weak DSCR and high leveraging. The rating also takes into account the vulnerability of margins to adverse fluctuation in forex rates and customer concentration risk.

Rating Outlook: Stable

BWR believes the **Safeco Hygiene Films Pvt Ltd'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

Safeco Hygiene Films Pvt Ltd is a private limited company incorporated on 11th Feb, 2012. The company's registered office and factory is located at Savli Industrial estate (GIDC), Vadodara, Gujarat. The company is engaged in the manufacturing of Micro Porous Hygiene Film

(Breathable Hygiene Film) and non Breathable Hygiene Film. The finished products of the company have varied application in the hygiene industry as barrier film. The company is primarily focusing on the Baby/Adult Diapers and Sanitary Napkins. The company started its commercial operations in June 2014.

Company Financial Performance

The Company has recorded TOI of Rs. 32.37 Crs in FY16 against Rs. 11.49 Crs in FY15. The Company has recorded PAT of Rs. 0.40 Crs in FY16. The TNW stood at Rs. 16.10 Crs as at 31.03.2016.

During FY17 (provisional and unaudited) the company has recorded a TOI of Rs. 37.20 Crs and a PAT of 1.52 Crs.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short)	Amount (RsCrs)	Rating	Date in 2016	Date in 2015	Date in 2014
1	Fund Based	Long Term	35.59	BWR BB- (Outlook:Stable)	--	--	--
2	Non-Fund Based	Short Term	1.05	BWR A4	--	--	--

Hyperlink/Reference to Applicable Criteria

[General Criteria](#)

[Manufacturing Companies](#)

[Approach to Financial Ratios](#)

[Short Term Debt](#)

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For print and digital media

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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.

DISCLAIMER

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