

## BFG International Private Limited

January 24, 2018

### Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based term loan	3.00	3.00	Ratings downgraded to [ICRA]D from [ICRA]BB(Stable)
Long Term - Fund Based facility	10.00	10.00	Ratings downgraded to [ICRA]D from [ICRA]BB(Stable)
Short Term - Non Fund Based facility	1.25	1.25	Ratings downgraded to [ICRA]D from [ICRA]A4
Long term/short term – unallocated limits	0.25	0.25	Ratings downgraded to [ICRA]D from [ICRA]BB(Stable)/[ICRA]A4
<b>Total</b>	<b>14.50</b>	<b>14.50</b>	

### Rating action

ICRA has revised the long-term rating assigned to the Rs. 10.00 crore<sup>^</sup> fund based facilities and Rs. 3.00 crore term loan facility of BFG International Private Limited (“BFG” / “the company”) from [ICRA]BB (pronounced ICRA double B) to [ICRA]D (pronounced ICRA D). ICRA has also revised the short-term rating for the Rs. 1.25 crore non-fund based facilities of BFG from [ICRA]A4 (pronounced ICRA A four) to [ICRA]D. ICRA has also revised the long term / short term rating for Rs.0.25 crore unallocated limits of BFG from [ICRA] BB/ [ICRA]A4 to [ICRA]D (pronounced ICRA D).

### Rationale

The rating revision considers the delay in debt servicing in the recent past. The ratings continue to be constrained by the high debt level and high interest cost which have resulted in stretched coverage indicators. ICRA, however, takes note of the established track record of the company; the considerable experience of BFG’s promoters in the Fiber reinforced plastic manufacturing industry.

### Key rating drivers

### Credit Weaknesses

**Delay in debt servicing on the back of high repayments and interest cost** –There has been a delay in the debt servicing in the recent past. Elevated debt levels along with high interest cost associated resulted in a delay in debt servicing.

**Weak liquidity position** – The company’s liquidity position has been constrained by weak operating margins and high working-capital intensity on account of high receivables.

<sup>^</sup> 100 lakh = 1 crore = 10 million

## Credit Strengths

**Long-standing experience of Promoters** - longstanding experience and track record of the promoters in the industry (BFG India, a wholly-owned subsidiary of BFG Bahrain). The Company receives operational and financial support from the promoter, including that for customer/order acquisition, working capital support, technical training and support, among others.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

**Links to applicable criteria:**

[Corporate Credit Rating Methodology](#)

[Policy on Default Recognition](#)

## About the company:

BFG is engaged in the manufacture of products made of fiberglass reinforced plastic (FRP). Its manufacturing facility is located in Sricity Special Economic Zone, Chittoor. It has the capability to manufacture products that cater to a wide range of industries including but not limited to defense, wind energy, construction, aviation, transportation and marine. Currently the company's major focus has been on transportation and wind energy sectors. The Company is a wholly owned subsidiary of BFG International WLL, Bahrain (BFG Bahrain).

## Key Financial Indicators (Audited)

	FY 2016	FY 2017
Operating Income (Rs. crore)	37.1	51.8
PAT (Rs. crore)	1.0	-3.9
OPBDIT/ OI (%)	8.5%	-3.0%
RoCE (%)	12.8%	-12.3%
Total Debt/ TNW (times)	0.7	1.2
Total Debt/ OPBDIT (times)	2.6	-7.9
Interest coverage (times)	2.7	-1.3
NWC/ OI (%)	24.6%	13%

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for last three years:

Current Rating (FY2018)					Chronology of Rating History for the past 3 years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating	Date & Rating in FY2017	Date & Rating in FY2016 March 2015	Date & Rating in FY2015
1 Term Loan	Long Term	3.00	2.53*	[ICRA]D	[ICRA]BB (stable)	[ICRA] BB (stable)	
2 fund based Facility	Long Term	10.00		[ICRA]D	[ICRA]BB (stable)	[ICRA] BB (stable)	
3 Non-fund based facility	Short Term	1.25		[ICRA]D	[ICRA]A4	[ICRA] A4	
4 Unallocated	Long term / Short term	0.25		[ICRA]D	[ICRA]BB (stable)/ [ICRA] A4	[ICRA] BB (stable) / [ICRA] A4	

\*As on march 31, 2017

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

## Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
	Term loans	December 2016		April 2021	3.00	[ICRA] D
	Fund Based facilities				10.00	[ICRA] D
	Non-fund Based facilities				1.25	[ICRA] D
	Proposed facilities				0.25	[ICRA] D
	Total				<b>14.50</b>	

Source: BFG international Private Limited.

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## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

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