

Company Business

Barflex Polyfilms Limited **manufactures flexible packaging material**. The company was incorporated in 2005 and operates three manufacturing units in India. Unit-I in Baddi, Himachal Pradesh, produces barrier COEX films, laminates, and PVC labels. Unit-II, also in Baddi, manufactures PVC shrink sleeves. Unit III also in Baddi to manufacture PVC stretch, plastic films and pouches.

Capacity Utilization

Particulars	As at November 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Unit – I				
Installed Capacity MT per annum	2400	2400	2400	2400
Production volume including wastage (MT per annum)	1492	2217	2185	2172
Capacity Utilization (%)	93.25%	92.38%	91.04%	90.50%
Unit – II				
Installed Capacity MT per annum	3000	3000	3000	3000
Production volume including wastage (MT per annum)	1541	2401	2205	1927
Capacity Utilization (%)	77.05%	80.03%	73.50%	64.23%
Unit-III				
Installed Capacity (MT per annum)	360	360	360	360
Production volume (MT per annum)	129	250	253	202
Capacity Utilization(%)	53.75%	69.44%	70.28%	56.11%

Industry Analysis and TAM

The **packaging market in India is expected to grow** due to factors like:

- ✦ Growing demand for processed food.
- ✦ Expansion of multinational companies in food, beverages, cosmetics, and pharmaceuticals.

IPO Details

Barflex Polyfilms Limited is launching an IPO comprising a fresh issue and an offer for sale.

- ✦ Fresh Issue :
Up to 20,53,000 equity shares aggregating to ₹ 12.32 Cr.
- ✦ Offer for Sale :
Up to 45,16,875 equity shares aggregating to ₹ 27.10 Cr. by Promoter Selling Shareholders.
- ✦ Pre-IPO Promoter Holding :
92.66%
- ✦ Post-IPO Promoter Holding :
66.72%

Objects of the Issue

The **net proceeds from the fresh issue** will be utilized for:

- ✦ Funding capital expenditure towards the purchase of additional plant and machinery : (₹ 23.07 Cr.)
 - ✦ General corporate purposes.
- The offer for sale proceeds will go to the Promoter Selling Shareholders.

Financials of the company

(Fig. in Cr)

Particulars	Nov 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	65.67	110.23	109.17	93.49
EBITDA	7.05	17.93	12.06	10.00
EBITDA Margins	10.74%	16.27%*	11.05%	10.70%
PAT	13.49	16.23	10.13	7.94
PAT Margins	20.54%	14.73%	9.28%	8.49%
ROCE	8.65%	27.21%	23.67%	24.41%
CFOA	9.31	13.74	15.40	6.93

* EBITDA margins in FY 24 increased due to reduction in Raw Material prices.

Comparison with Peers

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E
Delta Autocorp (FY 2024)	110.23 Cr.	16.27%	14.73%	0.001	148.50 Cr.	9.14*
Uma Converter Limited (TTM)	203 Cr.	7%	2.46%	0.86	79.10 Cr.	14.80
Purv Flexipack Limited (TTM)	296 Cr.	1%	3.72%	1.41	368 Cr.	37.90

*Forward PE on FY 25 PAT basis is 7.34. PAT margins increased due to other income of Rs. 12.34 cr which includes sales of investment also.

Negative Points

Negative

- ✦ **Competition:** The industry is characterized by intense competition from both organized and unorganized players.
- ✦ **Price Sensitivity:** The industry is highly price-sensitive, potentially impacting profit margins.
- ✦ **Raw Material Price Volatility:** Fluctuations in raw material prices could affect profitability.
- ✦ **Litigation:** There are outstanding litigations involving the company, its promoters, and directors.
- ✦ **There is no growth in sales.**
- ✦ **There is a corporate governance issue because the company repeatedly defaults on many compliances.**



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