

## Press Release

### Huldibari Industries and Plantation Company Limited

December 13, 2017



#### Rating Downgraded

<b>Total Bank Facilities Rated*</b>	Rs. 9.69 Cr.
<b>Long Term Rating</b>	SMERA B / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4

\* Refer Annexure for details

#### Rating Rationale

SMERA has downgraded the long-term rating to '**SMERA B**' (**read as SMERA B**) and short term rating to '**SMERA A4**' (**read as SMERA A four**) on the Rs. 9.69 crore bank facilities of Huldibari Industries and Plantation Company Limited. The outlook is '**Stable**'.

Huldibari Industries and Plantation Company Limited (HIPCL) was incorporated by Mr. C L Bajoria and family in 1889. The company, led by Mr. Anand Bajoria, Mr. Shridhar Issar, Mr. Rajendra Bajoria and others is engaged in the processing of tea (black crush, curl tea etc) at Kolkata.

#### Key Rating Drivers

##### Strengths

- **Experienced management, long track record of operations**

The company was established in 1889 and over the years has been able to establish long term relations with customers. The promoters, Mr. Anand Bajoria and Mr. Rajendra Bajoria and others have more than three decades of experience in the industry.

##### Weaknesses

- **Moderate scale of operations**

Despite operations commencing in 1889, the revenue stood at a moderate Rs.29.81 crore in FY2017 compared to Rs.23.61 crore in FY2016.

- **Weak financial risk profile**

The weak financial risk profile is marked by low net worth of Rs.1.66 crore in FY2017, a decline from Rs.2.60 crore in FY2016, mainly on account of loss in the current year. The debt equity stood high at 10.01 times in FY2017 as against 5.67 times in FY2016, due to fall in the net worth. This is owing to the loss and increase in unsecured loan, which is not subordinated to bank debt. The Interest coverage ratio stood low at 0.67 times in FY2017. The Net cash accrual to total debt and debt service coverage ratio stood at a low of negative 0.04 times and 0.67 times respectively in FY2017.

#### **Analytical Approach**

SMERA has considered the standalone business and financial risk profile of the company to arrive at the rating.

#### **Outlook: Stable**

SMERA believes that HIPCL will maintain a stable outlook in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenue and profitability, or deterioration in its financial risk profile.

### About the Rated Entity - Key Financials

For FY2016-17, HIPCL reported loss of Rs 0.94 crore on total operating income of Rs.29.81 crore, compared with loss of Rs.1.12 crore on total operating income of Rs.23.61 crore in FY2015-16.

### Status of non-cooperation with previous CRA (if applicable)

NA

### Any other information

NA

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
15-Jul, 2016	Term Loan	Long Term	INR 0.49	SMERA B+ / Stable
	Cash Credit	Long Term	INR 6.5	SMERA B+ / Stable
	Packing Credit	Short Term	INR 0.75	SMERA A4
	Bank Guarantee	Short Term	INR 0.75	SMERA A4
	Proposed Cash Credit	Long Term	INR 1.2	SMERA B+ / Stable
25-Jun, 2015	Term Loan	Long Term	INR 0.34	SMERA B+ / Stable
	Cash Credit	Long Term	INR 6.5	SMERA B+ / Stable
	Packing Credit	Short Term	INR 0.75	SMERA A4
	Bank Guarantee	Short Term	INR 0.75	SMERA A4
	Proposed Long Term Loan	Long Term	INR 0.35	SMERA B+ / Stable
	Proposed Cash Credit	Long Term	INR 1	SMERA B+ / Stable

**\*Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore.)	Ratings/Outlook
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	0.49	SMERA B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.95	SMERA B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.75	SMERA A4
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA B / Stable

**Contacts**

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>
Abhishek Dey Analyst - Rating Operations Tel: 033-66201208 <a href="mailto:abhishek.dey@smera.in">abhishek.dey@smera.in</a>	

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit [www.smera.in](http://www.smera.in).

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.