

Press Release

Huldibari Industries and Plantation Company Limited

December 13, 2017

Rating Downgraded



| | |
|-------------------------------------|---------------------------|
| Total Bank Facilities Rated* | Rs. 9.69 Cr. |
| Long Term Rating | SMERA B / Outlook: Stable |
| Short Term Rating | 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 Bijoria 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 |

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ABOUT SMERA

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