

Press Release

Henan Fibres (India) Private Limited (HFIPL)

11 Sept, 2017

Rating Downgraded



Total Bank Facilities Rated*	Rs.5.50 Cr
Long Term Rating	SMERA D (Downgraded from SMERA B-/Stable)

* Refer Annexure for details of instrument.

SMERA has downgraded the long term rating on the abovementioned Rs. 5.50 crore bank facility of Henan Fibres (India) Private Limited (HFIPL) to '**SMERA D**' (read as **SMERA D**) from '**SMERA B-**' (read as **SMERA B minus**). The downgrade reflects delays in servicing of debt obligations.

Incorporated in 2002, the Mumbai-based HFIPL, promoted by Mr. Manish Khimawat and family is engaged in the manufacture of yarn - polyester, cotton, blended among others.

List of key rating drivers and their detailed description

Strengths:

Experienced management: The promoter has experience of over two decades in the aforementioned business.

Weaknesses:

Delay in debt servicing: The rating reflects delays in servicing of debt obligations by the company on account of continuous over drawings in working capital limits.

Stretched liquidity position: The liquidity position of the company is stretched marked by 122 days for FY2015 as against 132 days in FY2014. The working capital cycle days stood at 116 for FY2015 as against 129 in FY2014 on account of high debtor days of 95 in FY2015 as against 129 in FY2014.

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

Applicable Criteria

- Manufacturing Entities: <https://www.smera.in/criteria-manufacturing.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

About the Rated Entity – Key financials

For FY2015-16, HFIPL reported net loss of Rs.0.35 crore (Provisional) on operating income of Rs.19.50 crore compared with Profit after Tax (PAT) of Rs.0.09 crore on operating income of Rs.30.03 crore a year earlier.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Date	Name of Instrument/ Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
17 June, 2016	Cash Credit	Long Term	5.50	SMERA B-/Stable (Upgraded from SMERA D)
22 Jan, 2016	Cash Credit	Long Term	5.50	SMERA D (Assigned)

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Cash Credit	N.A	N.A	N.A	5.50	SMERA D (Downgraded from SMERA B-/Stable)

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ABOUT SMERA

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