

March 15, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit*	2.00	SMERA B-/Stable (Assigned)
Working Capital Demand Loan	4.00	SMERA B-/Stable (Assigned)
Working Capital Term Loan	2.00	SMERA B-/Stable (Assigned)
Bank Guarantee	7.00	SMERA A4 (Assigned)

*Full convertibility from CC limit to BG Limit.

SMERA has assigned a long-term rating of '**SMERA B-**' (read as **SMERA B minus**) and a short-term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.15.00 crore bank facilities of Globe Hi-Fabs LLP (GHF). The outlook is '**Stable**'. The ratings are constrained by the weak financial risk profile marked by low networth, high leverage (debt-to-equity ratio) and low coverage indicators. Further, the ratings are also constrained by the firm's tender based business. However, the ratings are supported by the established track record of operations and experienced promoter.

Outlook: Stable

SMERA believes that the firm will maintain its stable business risk profile owing to the extensive experience of the promoter and established relations with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining profitability margins. Conversely, the outlook may be revised to 'Negative' if the firm registers significant decline in revenues and accruals or reports elongation of working capital cycle.

Rating Sensitivity Factors

- Scaling up of operations while managing profitability margins
- Improvement in the financial risk profile

About the Firm

Incorporated in 1966, GHF, a Haryana-based firm was promoted by Mr. Rajiv Chopra and Mr. Aman Chopra. The firm is engaged in the manufacture of aviation refuelling equipments, hydrant refuelling systems and distribution of aviation ground refuelling equipments at Faridabad, Haryana.

For FY2014-15, the firm reported net profit of Rs.0.11 crore on operating income of Rs.16.29 crore as compared to net loss of Rs.2.75 crore on operating income of Rs.6.73 crore in FY2013-14. The firm's net worth stood at Rs.1.00 crore as on March 31, 2015, as compared with Rs.0.01 crore a year earlier. The firm has achieved revenues of ~Rs.18.00 crore (provisional) for the period April to February 2016.

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