

Press Release

Hero Fashion

February 05, 2019

Rating Update



Total Bank Facilities Rated*	Rs. 17.00 Cr. #
Long Term Rating	ACUITE BB+ Issuer not co-operating*
Short Term Rating	ACUITE A4+ Issuer not co-operating*

Refer Annexure for details

* The issuer did not co-operate; Based on best available information.

Acuite has reviewed long-term rating of „**ACUITE BB+**“ (read as **ACUITE BB plus**) and short term rating of '**ACUITE A4+**' (read as '**ACUITE A four plus**') on the Rs. 17.00 crore bank facilities of HERO FASHION. This rating is now an indicative rating and is based on best available information.

The Tirupur-based, Hero Fashion is a proprietorship firm established in 1989 by Mr. S. Sundaramurthy manufactures and exports readymade garments (for men, women and kids). The manufacturing facility is located at Tirupur, Tamil Nadu and the installed capacity stands at 24 lakh pieces per annum.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuite endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	35.91	33.27	36.56
EBITDA	Rs. Cr.	10.19	4.60	8.01
PAT	Rs. Cr.	8.61	5.46	7.94
EBITDA Margin	(%)	28.39	13.84	21.92
PAT Margin	(%)	23.98	16.42	21.72
ROCE (%)	(%)	17.05	12.45	24.41
Total Debt/Tangible Net Worth	Times	0.50	0.62	0.26
PBDIT/Interest	Times	7.49	9.48	8.32
Total Debt/PBDIT	Times	2.05	4.80	1.09
Gross Current Assets (Days)	Days	165	216	168

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

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
18-Dec-2017	Bills Discounting	Short Term	INR 2	ACUITE A4+ (Reaffirmed)
	Packing Credit	Long Term	INR 12	ACUITE BB+ / Stable (Upgraded)
	Letter of Credit	Short Term	INR 1	ACUITE A4+ (Reaffirmed)
	Proposed Long Term Loan	Long Term	INR 2	ACUITE BB+ / Stable (Upgraded)
29-Aug-2016	Packing Credit	Long Term	INR 15	ACUITE BB / Stable (Assigned)
	Bills Discounting	Short Term	INR 1.5	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	INR 0.5	ACUITE A4+ (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4+ Issuer not co-operating*
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE BB+ Issuer not co-operating*
Letter of credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4+ Issuer not co-operating*
Proposed	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE BB+ Issuer not co-operating*

*The issuer did not co-operate; Based on best available information.

Contacts

Analytical	Rating Desk
Srihari Adari Head - Corporate and Infrastructure Sector Ratings Tel: 040-40042327 srihari.adari@acuite.in Naveen Papisetty Analyst - Rating Operations Tel: 040-40055480 naveen.papisetty@acuiterratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

About Acuite Ratings & Research:

Acuite Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: *An Acuite 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. Acuite 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, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite 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. Acuite 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.acuite.in) for the latest information on any instrument rated by Acuite.*