

Press Release

Florind Shoes Private Limited

October 06, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 28.00 Cr.
Long Term Rating	SMERA D
Short Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA D**' (read as **SMERA D**) and short term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 28.00 crore bank facilities of Florind Shoes Private Limited.

Florind Shoes Private Limited (FSPL), incorporated in 1978 is engaged in the manufacturing and export of leather and craft shoes. The manufacturing facility is located at Ambur, Tamil Nadu with installed capacity of around 2500 pairs of shoes per day.

Key Rating Drivers**Strengths****• Experienced management**

FSPL was incorporated in 1978. The promoters, Mr. Kandrikar Mohamed Akmal, Mr. K. Ameenur Rahman and Mr. Kandrikar Shahid Mansoor possess more than three decades of experience in the leather industry.

Weaknesses**• Delays in repayment of debts**

The rating reflects delays in servicing of debt obligations. The Export Packing Credit interest is overdue from June 2017. The account is classified as SMA 1. Further, FSPL has availed unsecured loans from financial institutions and there are delays in repayment of the same in the last three months.

• Decline in revenue

FSPL registered significant decline in revenue from Rs.98.57 crore in FY2015-16 to Rs.36.98 crore in FY2016-17 (Provisional) due to fall in orders from its major customers based in USA. The company has no orders in hand as on date. Revenue from April to July 2018 stood at Rs.4.00 crore.

• Below average financial riskprofile

The financial risk profile is below average marked by net worth of Rs.4.38 as on 31 March, 2017 (Provisional). The company incurred net loss of Rs.0.25 crore in FY2016-17 (Provisional). The gearing stood high at 9.96 crore as on 31 March, 2017 (Provisional). The total debt of Rs.43.64 crore includes unsecured loans from promoters to the tune of Rs.5.91 crore. The ICR stood at a low of 1.12 times in FY2017 (Provisional).

• Stretched working capital and liquidity

The operations are working capital intensive marked by stretched working capital cycle of 191 days in FY2016-17 as against 46 days in FY2015-16. Further, as informed by the banker and the management, the EPC limit has been fully utilised.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of FSPL.

Outlook:

About the Rated Entity - Key Financials

For FY2015-16, FSPL reported profit after tax (PAT) of Rs.0.32 crore on operating income of Rs.98.57 crore compared with net profit after tax (PAT) of Rs.0.07 crore on operating income of Rs.84.23 crore in the previous year. As per provisional financials for FY2017, FSPL reported net loss of Rs.0.25 crore on operating income of Rs.36.98 crore.

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	19.00	SMERA D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA D

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