



SMERA RATINGS LIMITED

Xpro India Limited

(XIL)

Rating
Rationale

April 23, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	45.00	SMERA B/Negative (Downgraded from SMERA BBB-/Negative)
Term Loans	114.36	SMERA B/Negative (Downgraded from SMERA BBB-/Negative)
Non-fund based facilities	39.17	SMERA A4 (Downgraded from SMERA A3)

SMERA has downgraded the bank loan ratings of Xpro India Limited (XIL) to '**SMERA B/Negative/SMERA A4**' from '**SMERA BBB-/Negative/SMERA A3**'.

The downgrade reflects significant deterioration in the company's financial risk profile. XIL has incurred cash loss of Rs.12.37 crore in 9MFY2014-15 (refers to period, April 2014 to December 2014), as compared with cash accruals of Rs.6.69 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company's interest coverage ratio deteriorated significantly from 1.33 times in FY2012-13 to 0.23 times in 9MFY2014-15. The company's leverage (debt-equity ratio) deteriorated from 1.28 times as on March 31, 2013 to 2.11 times as on December 31, 2014. SMERA believes that XIL's profitability and debt servicing ability will remain under pressure over the medium term.

XIL reported a net loss of Rs.27.02 crore on operating income of Rs.206.01 crore in 9MFY2014-15, as compared with a net loss of Rs.8.78 crore on operating income of Rs.169.66 crore for the corresponding period of the previous year. XIL's tangible net worth stood at Rs.102.86 crore as on December 31, 2014, as compared with Rs.140.09 crore as on March 31, 2013.

Outlook: Negative

SMERA believes XIL's business risk profile will remain subdued over the medium term given the pressure on profit margins. The ratings may be downgraded in case the company continues to report losses on account of subdued demand and delays in stabilization of operations at the new production facility. The ratings may also be downgraded in case of further deterioration in the company's debt protection metrics, or in case the company registers lower-than-expected revenues. The outlook may be revised to 'Stable' in case the company achieves sustained improvement in profitability and debt protection metrics with stabilization of operations at the new production facility.

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About the company

XIL, incorporated in 1997, is a Delhi-based company listed on a BSE and NSE. XIL is a part of the Sidharth Birla Group. The Birla family holds ~47 per cent stake in the company, while the aggregate public shareholding is ~53 per cent.

XIL manufactures BOPP films, dielectric capacitor films, cast films, coextruded plastic sheets, refrigerator sheets, liners and cabinets. The company has manufacturing facilities in Barjora (West Bengal), Greater Noida (Uttar Pradesh), Ranjangaon (Maharashtra), Pithampur (Madhya Pradesh) and Faridabad (Haryana). XIL has two wholly-owned subsidiaries viz. Xpro Global Ltd. (India) and Xpro Global Pte Ltd. (Singapore).

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