

Xpro India Limited: Downgraded

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	45.00	SMERA B-/Stable (Downgraded and revision in outlook from SMERA B/Negative)
Term Loan	114.36	SMERA B-/Stable (Downgraded and revision in outlook from SMERA B/Negative)
Non-Fund Based Facilities	39.17	SMERA A4 (Reaffirmed)

SMERA has downgraded the long-term rating on the abovementioned bank facilities of Xpro India Limited (XIL) to **'SMERA B-' (read as SMERA B minus)** and reaffirmed the short-term rating of **'SMERA A4' (read as SMERA A four)**. The outlook has been revised to **'Stable'**.

Update

The downgrade reflects significant deterioration in the company's financial risk profile. XIL has incurred net loss of Rs.35.16 crore in FY2015-16, as compared to net loss of Rs.13.92 crore in FY2014-15. The company's interest coverage ratio (ICR) stood low at 0.68 times in FY2016. The company's leverage (debt-equity ratio) deteriorated from 1.55 times as on March 31, 2015 to 2.27 times as on March 31, 2016. 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.13.91 crore on operating income of Rs.263.41 crore in FY2015-16, as compared with a net loss of Rs.35.16 crore on operating income of Rs.277.49 crore for the corresponding period of the previous year. XIL's tangible net worth stood at Rs 114.62 crore as on March 31, 2015, as compared with Rs.79.61 crore as on March 31, 2016.

Rating Sensitivity Factors

- Improvement in the financial risk profile
- Maintaining the scale of operations while achieving profits

Outlook-Stable

SMERA believes that XIL will maintain a stable outlook and benefit from its experienced management in the medium term. The outlook may be revised to 'Negative' if the company suffers a significant decline in revenue and continued losses leading to further deterioration in financial risk profile. The outlook could be revised to 'Positive' if there is a significant improvement in company's financial risk profile.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

The Delhi-based XIL, part of the Sidharth Birla Group was incorporated in 1997. The company manufactures BOPP films, dielectric capacitor films, cast films among others.

For FY2015–16, the company reported net loss of Rs.35.16 crore on operating income of Rs.277.49 crore, as compared with net loss of Rs.13.92 crore on operating income of Rs.263.41 crore in FY2014–15. The net worth stood at Rs.79.61 crore as on March 31, 2016.

Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Ratings		Rating/ Outlook
			Long Term	Short Term	
23 Apr, 2015	Cash Credit	45.00	SMERA B (Downgraded)	-	Negative
	Term Loan	114.36	SMERA B (Downgraded)	-	Negative
	Non-fund based facilities	39.17	-	SMERA A4 (Downgraded)	-
18 Mar, 2014	Cash Credit	45.00	SMERA BBB- (Downgraded)	-	Negative
	Term Loans	114.36	SMERA BBB- (Downgraded)	-	Negative
	Non-fund based facilities	39.17	-	SMERA A3 (Downgraded)	-
28 Feb, 2013	Cash Credit	33.85	SMERA BBB (Assigned)	-	Stable
	Term Loans	103.96	SMERA BBB (Assigned)	-	Stable
	Non-fund based facilities	28.47	-	SMERA A2 (Assigned)	-

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ABOUT SMERA

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