

## CARE RATINGS PRESS RELEASE

June 05, 2019

Name Of The Company	Instruments	Rating	Amount (Rs.Cr.)
Dewan Housing Finance Corporation Ltd.	Bank Facilities	CARE D	42713.80
	NCD	CARE D	46655.12
	Subordinated Debt	CARE D	2205
		[Revised from CARE BBB-]	
	Perpetual Debt	CARE D	1300
		[Revised from CARE BB+]	
	RPS	CARE D (RPS)	750
		[Revised from CARE BBB- (RPS)]	
	FD	CARE D (FD)	8940
		[Revised from CARE BBB- (FD)]	
		[Removed from credit watch with negative implications]	
S. D. Corporation Private Limited	NCD	CARE AA(SO); Stable*	750
Lakshmi Cotfab Private Limited	Bank Facilities	CARE D	13.10
		[Revised from CARE B+; Stable]	
Winmeen Engineers Private Limited	Bank Facilities	CARE B+; Stable/ CARE A4	12
Rajul Builders	Bank Facilities	Withdrawn	---
Essential Hospitality Private Limited	NCD	Withdrawn	---
Millenium Marbles Private Limited	Bank Facilities	CARE BB-; Stable/CARE A4 ISSUER NOT COOPERATING*	10.23
		[Revised from CARE BB; Stable/CARE A4]	
Eros International Media Limited	Bank Facilities	CARE D/ CARE D	750
		[Revised from CARE BBB-; Stable/ CARE A3]	
Prabhu Dayal Kanojiya	Bank Facilities	CARE B; Stable; / CARE A4; ISSUER NOT COOPERATING*	12
Shyam Industries	Bank Facilities	CARE B+; Stable	2.52
SSB Metal Works	Bank Facilities	CARE BB-; Stable / CARE A4	7
MTE Industries Private Limited	Bank Facilities	CARE B+; / CARE A4; ISSUER NOT COOPERATING*	14.87
		[Revised from CARE BB-;]	
T M Motors	Bank Facilities	CARE BB; Stable; ISSUER NOT COOPERATING*	11
		[Revised from CARE BB+; Stable]	
Gemini Edibles & Fats India Private Limited	Bank Facilities	CARE A-; Stable/ CARE A2+ [Reaffirmed]	811

CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications

Explanatory notes regarding rating symbols of CARE

Symbol	Explanation	Symbol	Symbol	Explanation		Symbol	
CARE A1	Superior	CARE AAA	CARE AAA (FD)	Best Quality	High Investment Grade	Cct 1	Very high project execution capability
CARE A2	Strong	CARE AA	CARE AA (FD)	High Quality	-do-	Cct 2	High project execution capability
CARE A3	Adequate	CARE A	CARE A (FD)	Adequate Safety	Investment Grade	Cct 3	Moderate project execution capability
CARE A4	Risk prone	CARE BBB	CARE BBB (FD)	Moderate Safety	-do-	Cct 4	Inadequate project execution capability
CARE D	Default	CARE BB	CARE BB (FD)	Inadequate safety	Speculative Grade	Cct 5	Poor project execution capability
		CARE B	CARE B (FD)	Risk Prone	-do-		
		CARE C	CARE C (FD)	High Risk	Poor Grade		
		CARE D	CARE D(FD)	Default	-do-		

**Disclaimer**

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**Dewan Housing Finance Corporation Ltd.**  
**June 05, 2019**

**Ratings**

Instruments/Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Non-Convertible Debentures	17,655.12	CARE D (Single D)	Revised from CARE BBB- (Triple B Minus) and removed from credit watch with negative implications
Subordinated Debt	2,205	CARE D (Single D)	Revised from CARE BBB- (Triple B Minus) and removed from credit watch with negative implications
Perpetual Debt	1,300	CARE D (Single D)	Revised from CARE BB+ (Double B Plus) and removed from credit watch with negative implications
Non-Convertible Debentures (Public Issue)	29,000	CARE D (Single D)	Revised from CARE BBB- (Triple B Minus) and removed from credit watch with negative implications
Non-convertible Redeemable Cumulative Preference share	750	CARE D (RPS) [Single D (Redeemable Preference Shares)]	Revised from CARE BBB- (RPS) [Triple B Minus (Redeemable Preference Shares)] and removed from credit watch with negative implications
Fixed Deposit Programme	8,940 (reduced from 20,000)	CARE D (FD) [Single D (Fixed Deposit)]	Revised from CARE BBB- (FD) [Triple B Minus (Fixed Deposit)] and removed from credit watch with negative implications
Long term Bank Facilities	42,713.80	CARE D (Single D)	Revised from CARE BBB- (Triple B Minus) and removed from credit watch with negative implications
<b>Total</b>	<b>1,02,563.92</b> <b>(Rupees one lakh two thousand and five hundred and sixty three crore and ninety two lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The rating revision takes into account the recent instance of delay in servicing of obligations with respect to some of the non-convertible debentures by Dewan Housing Finance Limited (DHFL) due to prolonged liquidity stress. The liquidity profile of the company continues to remain stressed on account of delay in identification and induction of strategic investor and limited progress on generating additional liquidity mainly through builder loan book sell down and securitization. The ratings have been removed from credit watch with negative implications.

**Detailed description of the key rating drivers****Key rating weaknesses****Deterioration in liquidity profile and delay in debt servicing**

There has been a deterioration in liquidity profile of DHFL with cash & liquid investments decreasing from Rs.4,668 crore (including SLR) as on March 31, 2019 to Rs.2,775 crore (including SLR) as on April 30, 2019. As per liquidity statement as on April 30, 2019, the company was envisaging cumulative cash inflows of around Rs.6,600 crore from June'19 to Aug'19 as against scheduled cumulative cash outflows of around Rs.10,780 crore during the same period thereby reflecting a negative cumulative mismatch of around Rs.4,180 crore. The company has been making multi-pronged efforts to

<sup>1</sup>Complete definition of the rating assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications.

generate adequate liquidity through sale of investments, induction of strategic investor and asset pool sell-downs. However, some of these measures have been delayed resulting in lower than envisaged liquidity generation.

#### **Moderation in financial flexibility**

Post September 2018, the liquidity scenario tightened for NBFC and HFC sector, and DHFL witnessed sharp rise in yields of bonds traded in the secondary markets and also sharp reduction in the share price. Further, the company's limited progress on earlier envisaged strategic measures such as further sell down of builder book and inflows from securitization deals to build up additional liquidity has resulted in further moderation in the financial flexibility of DHFL.

#### **Exposure to low and middle income segment with increasing proportion of wholesale loans**

DHFL has exposure to the lower and middle income group which is more prone to defaults in case of a stressed economic scenario. Further, the proportion of wholesale loans (builder loans) increased to 23% of the outstanding loan book as on December 2018 from 18% as on March 2018 and 14% as on March 2017, which is a relatively riskier segment.

**Analytical approach:** Standalone

#### **Applicable Criteria**

[Criteria on assigning Outlook to Credit Ratings](#)  
[CARE Policy on Default Recognition](#)  
[Rating Methodology- Housing Finance Companies](#)  
[Financial ratios - Financial Sector](#)

#### **Liquidity profile**

There has been a deterioration in the liquidity profile of DHFL with cash & liquid investments decreasing from Rs.4,668 crore (including SLR) as on March 31, 2019 to Rs.2,775 crore (including SLR) as on April 30, 2019. As per liquidity statement as on April 30, 2019, the company is envisaging cumulative cash inflows of around Rs.6,600 crore from June'19 to Aug'19 as against scheduled cumulative cash outflows of around Rs.10,780 crore during the same period thereby reflecting a negative cumulative mismatch of around Rs.4,180 crore. The generation of additional liquidity will continue to be dependent on timely fructification of efforts made by DHFL including sale of investments, induction of strategic investor and asset pool sell-downs.

#### **About the Company**

Incorporated in 1984, DHFL is amongst large size housing finance company in India with total asset size of Rs.1,07,436 crore as on March 31, 2018. The company has a successful track record of over 30 years of lending in the low and middle income group in Tier II and Tier III cities, primarily to salaried individuals. DHFL had a loan portfolio of Rs.91,930 crore as on March 31, 2018. The company operates through a network of over 349 offices (incl. branches and service centres). DHFL also has international presence through representative offices located in London and Dubai which cater to the housing needs of non-resident Indians.

<b>Brief Financials of DHFL (Rs. crore)</b>	<b>FY17 (A)</b>	<b>FY18 (A)</b>
Total income	10,827	10,465
PAT	2,896	1,172
Interest coverage (times)	1.51	1.23
Total Assets	92,298	107,436
Net NPA (%)	0.58	0.56
ROTA (%)	3.62	1.17

A- Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

## Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Perpetual Debt	23-Sep-11	12.75%	Perpetual	100	CARE D
Perpetual Debt	9-Nov-11	12.75%	Perpetual	25	CARE D
Perpetual Debt	28-Mar-13	12.18%	Perpetual	3	CARE D
Perpetual Debt	28-Mar-13	12.75%	Perpetual	6	CARE D
Perpetual Debt	28-Mar-13	12.37%	Perpetual	0.4	CARE D
Perpetual Debt	28-Mar-13	12.00%	Perpetual	15	CARE D
Perpetual Debt	10-May-13	12.00%	Perpetual	15	CARE D
Perpetual Debt	10-May-13	12.18%	Perpetual	3	CARE D
Perpetual Debt	31-Oct-13	12.75%	Perpetual	2	CARE D
Perpetual Debt	31-Oct-13	12.18%	Perpetual	4	CARE D
Perpetual Debt	31-Oct-13	12.05%	Perpetual	1	CARE D
Perpetual Debt	19-Dec-13	12.75%	Perpetual	1	CARE D
Perpetual Debt	19-Dec-13	12.18%	Perpetual	1	CARE D
Perpetual Debt	19-Dec-13	12.05%	Perpetual	3	CARE D
Perpetual Debt	31-Mar-14	12.75%	Perpetual	1	CARE D
Perpetual Debt	31-Mar-14	12.18%	Perpetual	1	CARE D
Perpetual Debt	31-Mar-14	12.05%	Perpetual	3	CARE D
Perpetual Debt	23-Aug-16	10.75%	Perpetual	475	CARE D
Perpetual Debt	3-Aug-17	9.85%	Perpetual	500	CARE D
Non-Convertible Debentures (Public Issue)	9-Sep-16	9.05%	9-Sep-19	2537	CARE D
Non-Convertible Debentures (Public Issue)	9-Sep-16	9.10%	9-Sep-19	1072	CARE D
Non-Convertible Debentures (Public Issue)	9-Sep-16	9.05%	9-Sep-21	370	CARE D
Non-Convertible Debentures (Public Issue)	9-Sep-16	9.15%	9-Sep-21	292	CARE D
Non-Convertible Debentures (Public Issue)	9-Sep-16	9.05%	9-Sep-23	1661	CARE D
Non-Convertible Debentures (Public Issue)	9-Sep-16	9.25%	9-Sep-23	4068	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	8.74%	16-Aug-19	1	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	8.83%	16-Aug-19	16	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	8.74%	16-Aug-21	0.3	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	8.88%	16-Aug-21	11	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	8.74%	16-Aug-26	0.5	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	8.93%	16-Aug-26	45	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.10%	16-Aug-19	946	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.20%	16-Aug-19	61	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.10%	16-Aug-21	269	CARE D

Non-Convertible Debentures (Public Issue)	16-Aug-16	9.25%	16-Aug-21	187	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.10%	16-Aug-26	367	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.30%	16-Aug-26	2036	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.10%	16-Aug-19	0.1	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.20%	16-Aug-19	18	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.10%	16-Aug-21	0	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.25%	16-Aug-21	12	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.10%	16-Aug-26	0	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.30%	16-Aug-26	14	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.10%	16-Aug-19	16	CARE D
Non-Convertible Debentures (Public Issue)	16-Aug-16	9.20%	16-Aug-19	2	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	8.90%	4-Jun-21	5840	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	8.90%	4-Jun-23	396	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	9.00%	4-Jun-23	1051	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	8.90%	4-Jun-25	175	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	8.90%	4-Jun-28	459	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	9.00%	4-Jun-28	107	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	9.10%	4-Jun-28	161	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	8.56%	4-Jun-21	57	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	8.56%	4-Jun-23	2	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	8.65%	4-Jun-23	73	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	MIBOR+ 2.16%	4-Jun-21	2501	CARE D
Non-Convertible Debentures (Public Issue)	4-Jun-18	9.00%	4-Jun-25	121	CARE D
Non-Convertible Debentures	3-Jun-16	9.00%	3-Jun-19	30	CARE D
Non-Convertible Debentures	4-Jun-14	0.00%	4-Jun-19	150	CARE D
Non-Convertible Debentures	4-Jun-14	0.00%	4-Jun-19	250	CARE D
Non-Convertible Debentures	10-Jun-16	9.00%	10-Jun-19	35	CARE D
Non-Convertible Debentures	17-Jun-16	9.10%	18-Jun-19	5	CARE D
Non-Convertible Debentures	22-Aug-16	8.83%	2-Jul-19	3	CARE D
Non-Convertible Debentures	22-Aug-16	8.84%	23-Jul-19	6	CARE D
Non-Convertible Debentures	22-Aug-16	8.84%	5-Aug-19	3	CARE D
Non-Convertible Debentures	22-Aug-16	8.85%	6-Aug-19	11	CARE D
Non-Convertible Debentures	12-Sep-12	11.00%	12-Sep-19	350	CARE D

Non-Convertible Debentures	15-Sep-09	10.05%	14-Sep-19	100	CARE D
Non-Convertible Debentures	23-Mar-16	9.15%	20-Sep-19	60	CARE D
Non-Convertible Debentures	5-Apr-16	9.15%	20-Sep-19	25	CARE D
Non-Convertible Debentures	13-Nov-09	9.80%	13-Nov-19	100	CARE D
Non-Convertible Debentures	19-Nov-14	9.75%	18-Nov-19	75	CARE D
Non-Convertible Debentures	14-Mar-18	8.40%	27-Dec-19	250	CARE D
Non-Convertible Debentures	17-Jun-16	9.10%	16-Apr-20	50	CARE D
Non-Convertible Debentures	28-Apr-15	9.30%	28-Apr-20	5	CARE D
Non-Convertible Debentures	20-May-15	9.50%	20-May-20	750	CARE D
Non-Convertible Debentures	21-May-15	9.50%	21-May-20	500	CARE D
Non-Convertible Debentures	3-Jul-15	9.50%	3-Jul-20	50	CARE D
Non-Convertible Debentures	8-Jul-15	9.50%	8-Jul-20	95	CARE D
Non-Convertible Debentures	16-Jul-15	9.50%	16-Jul-20	50	CARE D
Non-Convertible Debentures	16-Jul-15	9.50%	16-Jul-20	110	CARE D
Non-Convertible Debentures	17-Jul-17	8.00%	17-Jul-20	175	CARE D
Non-Convertible Debentures	6-Aug-15	9.50%	6-Aug-20	50	CARE D
Non-Convertible Debentures	16-Aug-10	9.40%	16-Aug-20	100	CARE D
Non-Convertible Debentures	25-Aug-15	9.45%	25-Aug-20	100	CARE D
Non-Convertible Debentures	26-Jul-17	7.70%	26-Aug-20	125	CARE D
Non-Convertible Debentures	8-Sep-15	9.45%	8-Sep-20	10	CARE D
Non-Convertible Debentures	15-Sep-10	9.40%	15-Sep-20	100	CARE D
Non-Convertible Debentures	27-Sep-17	7.25%	25-Sep-20	25	CARE D
Non-Convertible Debentures	22-Oct-10	9.70%	21-Oct-20	265	CARE D
Non-Convertible Debentures	30-Oct-15	9.30%	30-Oct-20	137	CARE D
Non-Convertible Debentures	12-Jan-16	9.00%	12-Jan-21	200	CARE D
Non-Convertible Debentures	5-Feb-14	10.70%	5-Feb-21	75	CARE D
Non-Convertible Debentures	22-Dec-17	7.97%	15-Feb-21	84	CARE D
Non-Convertible Debentures	8-Sep-15	9.45%	18-Feb-21	15	CARE D
Non-Convertible Debentures	30-Oct-15	9.20%	5-Mar-21	3	CARE D
Non-Convertible Debentures	8-Mar-16	9.20%	8-Mar-21	50	CARE D
Non-Convertible Debentures	21-Mar-14	10.70%	21-Mar-21	20	CARE D
Non-Convertible Debentures	28-Mar-14	10.70%	28-Mar-21	35	CARE D
Non-Convertible Debentures	25-Apr-16	9.00%	23-Apr-21	33	CARE D
Non-Convertible Debentures	30-Apr-14	10.70%	30-Apr-21	5	CARE D
Non-Convertible Debentures	30-Apr-14	10.70%	30-Apr-21	50	CARE D
Non-Convertible Debentures	10-Jun-14	10.70%	10-Jun-21	15	CARE D
Non-Convertible Debentures	17-Jun-16	9.10%	17-Jun-21	104	CARE D
Non-Convertible Debentures	18-Jun-14	10.70%	18-Jun-21	9	CARE D
Non-Convertible Debentures	15-Mar-16	9.19%	23-Jul-21	6	CARE D
Non-Convertible Debentures	28-Jul-16	9.07%	28-Jul-21	274	CARE D
Non-Convertible Debentures	29-Jul-11	11.00%	29-Jul-21	10	CARE D
Non-Convertible Debentures	12-Aug-11	11.00%	12-Aug-21	35	CARE D
Non-Convertible Debentures	22-Aug-16	8.85%	20-Aug-21	125	CARE D
Non-Convertible Debentures	22-Sep-11	10.65%	21-Sep-21	480	CARE D
Non-Convertible Debentures	14-Feb-12	10.65%	14-Feb-22	250	CARE D
Non-Convertible Debentures	29-Jun-12	11.00%	29-Jun-22	63	CARE D
Non-Convertible Debentures	27-Aug-12	11.15%	27-Aug-22	25	CARE D

Non-Convertible Debentures	30-Oct-15	9.30%	28-Oct-22	15	CARE D
Non-Convertible Debentures	12-Dec-12	10.65%	11-Dec-22	240	CARE D
Non-Convertible Debentures	25-Sep-13	5.50%	24-Sep-23	250	CARE D
Non-Convertible Debentures	25-Sep-13	10.00%	25-Sep-23	4	CARE D
Non-Convertible Debentures	25-Sep-13	10.70%	25-Sep-23	5	CARE D
Non-Convertible Debentures	25-Sep-13	10.70%	25-Sep-23	12	CARE D
Non-Convertible Debentures	31-Oct-13	10.70%	31-Oct-23	5	CARE D
Non-Convertible Debentures	31-Oct-13	10.70%	31-Oct-23	22	CARE D
Non-Convertible Debentures	22-Nov-13	10.70%	22-Nov-23	25	CARE D
Non-Convertible Debentures	5-Feb-14	10.70%	5-Feb-24	40	CARE D
Non-Convertible Debentures	28-Mar-14	10.70%	28-Mar-24	3	CARE D
Non-Convertible Debentures	28-Mar-14	10.70%	28-Mar-24	53	CARE D
Non-Convertible Debentures	10-Jun-14	10.70%	10-Jun-24	20	CARE D
Non-Convertible Debentures	12-Jun-14	10.70%	12-Jun-24	55	CARE D
Non-Convertible Debentures	24-Jun-14	10.70%	24-Jun-24	25	CARE D
Non-Convertible Debentures	14-Aug-14	9.95%	14-Aug-24	45	CARE D
Non-Convertible Debentures	20-Aug-14	9.95%	20-Aug-24	5	CARE D
Non-Convertible Debentures	19-Nov-14	9.85%	18-Nov-24	15	CARE D
Non-Convertible Debentures	29-May-15	9.50%	29-May-25	1000	CARE D
Non-Convertible Debentures	8-Jul-15	9.50%	8-Jul-25	205	CARE D
Non-Convertible Debentures	16-Jul-15	9.50%	16-Jul-25	90	CARE D
Non-Convertible Debentures	25-Aug-15	9.45%	25-Aug-25	50	CARE D
Non-Convertible Debentures	30-Oct-15	9.30%	30-Oct-25	105	CARE D
Non-Convertible Debentures	30-Nov-15	8.75%	28-Nov-25	500	CARE D
Non-Convertible Debentures	23-Mar-16	9.00%	23-Mar-26	25	CARE D
Non-Convertible Debentures	25-Apr-16	9.00%	24-Apr-26	12	CARE D
Non-Convertible Debentures	3-Jun-16	9.00%	3-Jun-26	20	CARE D
Non-Convertible Debentures	10-Jun-16	9.00%	10-Jun-26	35	CARE D
Non-Convertible Debentures	17-Jun-16	9.10%	17-Jun-26	1	CARE D
Non-Convertible Debentures	1-Mar-17	8.00%	1-Mar-27	1500	CARE D
Non-Convertible Debentures	5-Feb-14	10.80%	5-Feb-29	22	CARE D
Non-Convertible Debentures	28-Aug-18	9.45%	28-Aug-22	500	CARE D
Non-Convertible Debentures	31-Aug-18	9.20%	31-Aug-22	1000	CARE D
Non-Convertible Debentures	6-Sep-18	9.27%	6-Sep-21	1700	CARE D
Non-Convertible Debentures	2-Nov-18	9.88%	2-Nov-21	1250	CARE D
Non-Convertible Debentures	16-Nov-18	9.92%	16-Nov-28	1500	CARE D
Subordinate Debt	15-Feb-13	10.80%	15-Aug-18	2	CARE D
Subordinate Debt	23-Oct-08	11.35%	23-Oct-23	15	CARE D
Subordinate Debt	8-Jan-10	9.97%	8-Jan-20	25	CARE D
Subordinate Debt	15-Jan-10	9.97%	15-Jan-20	30	CARE D
Subordinate Debt	22-Feb-10	9.80%	22-Feb-20	16	CARE D
Subordinate Debt	27-Apr-10	9.85%	27-Apr-20	50	CARE D
Subordinate Debt	22-Nov-12	11.20%	22-Nov-22	18	CARE D
Subordinate Debt	14-Dec-12	11.20%	14-Dec-22	39	CARE D
Subordinate Debt	15-Feb-13	11.00%	15-Feb-23	31	CARE D
Subordinate Debt	15-Feb-13	10.60%	15-Feb-23	17	CARE D
Subordinate Debt	28-Mar-13	10.75%	28-Mar-23	13	CARE D



Subordinate Debt	22-Apr-13	10.60%	22-Oct-18	5	CARE D
Subordinate Debt	22-Apr-13	10.75%	22-Apr-23	36	CARE D
Subordinate Debt	22-Apr-13	10.50%	22-Apr-23	44	CARE D
Subordinate Debt	10-May-16	9.40%	8-May-26	400	CARE D
Subordinate Debt	12-Apr-18	8.80%	12-Apr-28	1000	CARE D
Fixed Deposits	-	-	Upto 10 years	8940	CARE D (FD)
Long Term Bank Facilities	-	-	Upto 10 years	42714	CARE D
Non-Convertible Redeemable Cumulative Preference Shares	-	-	-	750	CARE D (RPS)

**Annexure-2: Rating History of last three years (DHFL)**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings		Rating history				
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Loan-Long Term	LT	2447.50	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3) CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4) CARE AAA; Stable (06-Jul-18)	1) CARE AAA; Stable (06-Jul-17)	1) CARE AAA; Stable (21-Feb-17) 2) CARE AAA (13-Jul-16)
2.	Debentures-Non Convertible Debentures	LT	163.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3) CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4) CARE AAA; Stable	1) CARE AAA; Stable (06-Jul-17)	1) CARE AAA; Stable (21-Feb-17) 2) CARE AAA (13-Jul-16)

						(06-Jul-18)		
3.	Debentures-Non Convertible Debentures	LT	302.11	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3) CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4) CARE AAA; Stable (06-Jul-18)	1) CARE AAA; Stable (06-Jul-17)	1) CARE AAA; Stable (21-Feb-17) 2) CARE AAA (13-Jul-16)
4.	Debt-Subordinate Debt	LT	80.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A- (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE A+ (Under Credit watch with Developing Implications) (06-Mar-19) 3) CARE AA (Under Credit watch with Developing Implications) (03-Feb-19) 4) CARE AA+; Stable (06-Jul-18)	1) CARE AA+; Stable (06-Jul-17)	1) CARE AA+; Stable (21-Feb-17) 2) CARE AA+ (13-Jul-16) 3) CARE AA+ (09-May-16)
5.	Debentures-Non Convertible Debentures	LT	140.01	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3) CARE AA+ (Under Credit watch with Developing Implications)	1) CARE AAA; Stable (06-Jul-17)	1) CARE AAA; Stable (21-Feb-17) 2) CARE AAA (13-Jul-16)

						(03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)		
6.	Debentures-Non Convertible Debentures	LT	1000.00	CARE D	1) CARE BBB-(Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA-(Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)
7.	Fund-based - LT-LC/BG	LT	803.00	CARE D	1) CARE BBB-(Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA-(Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)
8.	Debt-Subordinate Debt	LT	500.00	CARE D	1) CARE BBB-(Under Credit watch with Negative Implications) (14-May-19)	1) CARE A-(Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE A+ (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA (Under Credit	1)CARE AA+; Stable (06-Jul-17)	1)CARE AA+; Stable (21-Feb-17) 2)CARE AA+ (13-Jul-16) 3)CARE AA+ (09-May-16)

						watch with Developing Implications) (03-Feb-19) 4)CARE AA+; Stable (06-Jul-18)		
9.	Term Loan-Long Term	LT	16073.16	CARE D	1) CARE BBB-(Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA-(Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)
10.	Fixed Deposit	LT	8940.00	CARE D (FD)	1) CARE BBB-(FD) (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (FD) (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA-(FD) (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (FD) (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA (FD); Stable (06-Jul-18)	1)CARE AAA (FD); Stable (19-Mar-18) 2)CARE AAA (FD); Stable (31-Aug-17) 3)CARE AAA (FD); Stable (06-Jul-17)	1)CARE AAA (FD); Stable (21-Feb-17) 2)CARE AAA (FD) (13-Jul-16)
11.	Debentures-Non Convertible Debentures	LT	1000.00	CARE D	1) CARE BBB-(Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA-(Under Credit	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)

						watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)		
12.	Debt-Perpetual Debt	LT	1300.00	CARE D	1) CARE BB+ (Under Credit watch with Negative Implications) (14-May-19)	1) CARE BBB+ (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE A (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA- (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AA; Stable (06-Jul-18)	1)CARE AA; Stable (13-Jul-17) 2)CARE AA; Stable (06-Jul-17)	1)CARE AA; Stable (21-Feb-17) 2)CARE AA (30-Aug-16) 3)CARE AA (13-Jul-16)
13.	Fund-based - LT-Term Loan	LT	673.11	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)

14.	Fund-based - LT-Term Loan	LT	4050.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3) CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4) CARE AAA; Stable (06-Jul-18)	1) CARE AAA; Stable (06-Jul-17)	1) CARE AAA; Stable (21-Feb-17) 2) CARE AAA (13-Jul-16)
15.	Fund-based - LT-Term Loan	LT	9430.84	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3) CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4) CARE AAA; Stable (06-Jul-18)	1) CARE AAA; Stable (06-Jul-17)	1) CARE AAA; Stable (21-Feb-17) 2) CARE AAA (13-Jul-16)
16.	Debt-Subordinate Debt	LT	400.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A- (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE A+ (Under Credit watch with Developing Implications) (06-Mar-19) 3) CARE AA (Under Credit watch with Developing Implications) (03-Feb-19)	1) CARE AA+; Stable (06-Jul-17)	1) CARE AA+; Stable (21-Feb-17) 2) CARE AA+ (13-Jul-16) 3) CARE AA+ (09-May-16)

						4)CARE AA+; Stable (06-Jul-18)		
17.	Debentures-Non Convertible Debentures	LT	1500.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)
18.	Debentures-Non Convertible Debentures	LT	1000.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)
19.	Debentures-Non Convertible Debentures	LT	1050.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)

						Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)		
20.	Debt-Subordinate Debt	LT	1225.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A- (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE A+ (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AA+; Stable (06-Jul-18)	1)CARE AA+; Stable (06-Jul-17)	1)CARE AA+; Stable (21-Feb-17) 2)CARE AA+ (13-Jul-16) 3)CARE AA+ (09-May-16)
21.	Fund-based - LT-Term Loan	LT	8522.39	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)
22.	Debentures-Non Convertible Debentures	LT	1000.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)



						3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)		
23.	Debentures-Non Convertible Debentures	LT	29000.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (30-Aug-16) 3)CARE AAA (13-Jul-16)
24.	Debentures-Non Convertible Debentures	LT	10500.00	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)
25.	Borrowings-Secured Long Term Borrowings	LT	713.80	CARE D	1) CARE BBB- (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE AA- (Under Credit watch with	1)CARE AAA; Stable (06-Jul-17)	1)CARE AAA; Stable (21-Feb-17) 2)CARE AAA (13-Jul-16)

						Developing Implications) (06-Mar-19) 3)CARE AA+ (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AAA; Stable (06-Jul-18)		
26.	Preference Shares- Redeemable	LT	750.00	CARE D (RPS)	1) CARE BBB-(RPS) (Under Credit watch with Negative Implications) (14-May-19)	1) CARE A-(RPS) (Under Credit watch with Developing Implications) (31-Mar-19) 2) CARE A+ (RPS) (Under Credit watch with Developing Implications) (06-Mar-19) 3)CARE AA (RPS) (Under Credit watch with Developing Implications) (03-Feb-19) 4)CARE AA+ (RPS); Stable (06-Jul-18)	1)CARE AA+ (RPS); Stable (06-Jul-17) 2)CARE AA+ (RPS); Stable (07-Apr-17)	-
27.	Commercial Paper	ST	-	-	-	1) Withdrawn (27-Feb-19) 2)CARE A1+ (Under Credit watch with Developing Implications) (03-Feb-19) 3)CARE A1+ (06-Jul-18) 4)CARE A1+ (08-May-18)	1)CARE A1+ (11-Oct-17)	-

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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Email ID: [Ankur.sachdeva@careratings.com](mailto:Ankur.sachdeva@careratings.com)**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**S. D. Corporation Private Limited**

June 05, 2019

**Ratings**

Facilities	Amount (Rs. crore)	Rating <sup>2</sup>	Rating Action
Proposed Non-Convertible Debentures(NCDs) issue @*	750.00	Provisional CARE AA(SO); Stable (Provisional Double A (Structured Obligation); Stable)	Assigned
<b>Total facilities</b>	<b>750.00</b> <b>(Rupees Seven Hundred and Fifty Crore only)</b>		

*Details of instruments/facilities in Annexure-1*

@ Backed by Unconditional and Irrevocable Corporate Guarantee (CG) by Shapoorji Pallonji and Company Private Limited (SPCPL) and the credit enhancement in the form of put option available jointly and severally on investments companies of the Shapoorji Pallonji (SP) group namely, Cyrus Investment Private Limited (CIPL) and Sterling Investment Corporation Private Limited (SICPL) together known as "Put Option Providers" (POPs), ensuring timely servicing of rated obligations.

@Ratings shall remain provisional till the receipt of the executed copies of the transaction documents such as Information Memorandum, Debenture Trust Deed, Debenture Trustee Agreement, corporate guarantee, Put Option Agreement and any other agreement and undertaking executed between the Parties with respect to the Debentures and the transactions contemplated under this structure to the satisfaction of CARE.

**Detailed Rationale & Key Rating Drivers**

The rating assigned to the proposed long-term NCD issues of S.D. Corporation Private Limited (SDCPL) takes into consideration the unconditional and irrevocable corporate guarantee by SPCPL and the credit enhancement in the form of an irrevocable and legally binding put option available jointly and severally on CIPL and SICPL together known as "Put Option Providers" which hold equity stake in Tata Sons Private Limited (with CIPL and SICPL's collective holding of 18.37%) imparting substantial financial flexibility, to ensure timely servicing of rated debt obligations under the Debenture Trustee monitored 'Structured Payment Mechanism' arrangement.

The corporate guarantor Shapoorji Pallonji and Company Pvt Ltd. (SPCPL) is the holding-cum-operating and the flagship company of the resourceful Shapoorji Pallonji Group (SP Group refers to companies ultimately held by Mr. Shapoor P. Mistry and Mr. Cyrus P. Mistry).

The rating is, however, tempered by the market-related risk impacting the market value of put option provider's direct and indirect investments.

Any significant decline in credit profile of Put Option Providers owing to changes in the market value of its investment and non-adherence to the structure will remain key rating sensitivities.

**Detailed description of the key rating drivers****Key Rating Strengths****Strong Promoter – SP Group**

With around 150 years of operations, Shapoorji Pallonji (SP) group is one of the India's oldest and well reputed business groups in the construction, infrastructure and real estate space. Most of SP groups' businesses are held by SPCPL as subsidiaries, JVs and associates. During its 150 years of operations, SP group has built diverse civil and engineering structures like factories, nuclear waste handling establishments, landmark stadiums and auditoriums, airports, hospitals, hotels, housing complexes, water treatment plants, roads and power plants, Floating Production Storage and Offloading (FPSO) around the world.

**Corporate Guarantee given by SPCPL**

SPCPL, the holding-cum-operating and the flagship company of the Shapoorji Pallonji Group (SP Group, refers to companies ultimately held by Mr. Shapoor P. Mistry and Mr. Cyrus P. Mistry). SPCPL is equally held by Mr. Shapoor P. Mistry and Mr. Cyrus P. Mistry through the group's investment companies. Group has business interests in several sectors such as real estate, coal mining, power, ports, roads, biofuels & agriculture, shipping & logistics, consumer products etc. SPCPL's on standalone basis has a proven track record in the construction, infrastructure & real estate business; its well diversified and improved order book position provides for a healthy medium term revenue visibility.

SP Group also holds several land parcels in the country with market value which offer substantive appreciation over its book value at present and also has large number of long term investments held through its subsidiaries, JVs and associates in diverse fields such as construction, electrical contracting, water purification, infrastructure development, FPSO segments. The group has plans to monetize these land assets in order to improve its financial profile.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**Credit Support Enhancement due to sizeable value of direct and indirect investments held by put option provider i.e. CIPL and SIPL**

The NCD instrument derives credit support from CG issued by SPCPL and credit enhancement in form of a joint and several 'put option' on SP Group entities –Cyrus Investments Pvt Ltd (CIPL) and Sterling Investments Pvt Ltd (SICPL) to ensure timely servicing of rated debt obligations as per the structure. The Credit perspective derives significant comfort from their financial flexibility as a result of sizeable value of direct and indirect investments held by them in various companies including Tata Sons Private Limited.

**Strong payment mechanism**

The NCD instrument has a Debenture Trustee monitored Structured Payment Mechanism (SPM) to ensure the timely servicing of the instrument. The SPM stipulates that in case there is shortfall or delay in payment on part of SDCPL 10 days prior to each/ any due date the Guarantor (SPCPL) and the Put Option Providers (CIPL and SIPL) shall jointly and severally deposit the necessary amounts in the Designated Account as are required to meet the Debenture Payments on the relevant Due Date on or before the trigger date (i.e 4 calendar day before the due date).

**Key Rating Weaknesses****Exposure to Market risk**

The CIPLs' and SICPLs' investments would act as an enabler to raise necessary funds, if required, to honor timely NCD redemption. However, these investments are exposed to market related risk.

**No major cash inflow of put option provider other than dividend from invested companies**

CIPL and SICPL are systemically important non-deposit taking NBFCs of Shapoorji Pallonji group. The income of these companies largely comprises dividend income received from the investments in various companies. As such, any invocation of put option on these companies would require them to liquidate their investment, avail external support from the group and/or external source to fund the payment.

Liquidity

Rating derives strength from the financial flexibility and resourcefulness in the form of investment of SICPL & CIPL in Tata Sons Private Limited.

**Analytical approach:**

The instruments under this structure are backed by the credit enhancement in form of irrevocable and unconditional corporate guarantee from SPCPL and credit enhancement in form of a joint and several 'put option' on SP Group entities – Cyrus Investments Pvt Ltd (CIPL) and Sterling Investments Pvt Ltd (SICPL). These companies are primarily investments companies of the SP group and are promoted by Mr. Shapoor Mistry and Mr. Cyrus Mistry. CIPL and SICPL collectively hold 18.37% stake in Tata Sons Private Limited. TSL, in turn, holds investments in listed entities having market value of over Rs.656,877 crore as on May 28, 2019.

Main comfort is drawn from CIPL and SICPL over and above the credit enhancement from SPCPL, hence the credit risk assessment includes mainly the assessment of credit enhancement provider i.e. CIPL, SICPL, SPCPL and adherence to the structural covenants.

**Applicable Criteria**

[CARE's Policy on Default Recognition](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[Rating Methodology - Factoring Linkages in Ratings](#)

[Financial ratios – Non-Financial Sector](#)

### About the Company

S.D Corporation Pvt. Ltd (SDCPL) is a 50:50 joint venture between SP Group and the Dilip Thacker Group. SDCPL's key focus is to redevelop old buildings & residential colonies in Mumbai. The JV capitalizes on SP Group's development and execution track record of over 150 years in construction industry complemented with the Thacker Group's knowledge and core competence in the redevelopment space. In its landmark project, SDCPL has developed two luxury residential buildings in India with saleable area of 8 lakh square Feet (sq ft) viz the Imperial Towers in Mumbai. At the same location, Imperial Edge (another luxury high rise) is under construction of about 1.8 lakhs sq ft of saleable area. At Tarde, another luxury tower, T3 (1.2 mn sq ft) and tower 5 (about 4 lakh sq ft of saleable area) is proposed to be launched soon.

As on April, 2019 SDCPL is also developing a 52 acres integrated township at Kandivali East – named Sarova. As part of the first handover, it has obtained OC for first 60 storey high rise in western suburbs (Kandivali) with saleable area of 6.4 Lakh sq ft. In the same Sarova Township, company has launched Epsilon, Astron tower and Sienna cluster of total 1. 8 mn sq ft of saleable area, which are under various stages of construction.

Apart from these two flagship project clusters, SDCPL, through its subsidiaries and associate companies, also has various projects in pipeline with saleable area of 1.5 mn sq ft in Mumbai.

### Brief Consolidated financials of S. D. Corporation Private Limited (SDCPL)

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	168.02	358.47
PBILDT	224.66	388.85
PAT	-1.32	-3.39
Overall gearing (times)	56.57	88.36
Interest coverage (times)	1.02	1.05

A: Audited; Note: Financials are classified as per CARE's standards

### About the Credit Support Providers – SPCPL, CIPL, SICPL

SPCPL, the holding-cum-operating and the flagship company of the Shapoorji Pallonji Group (SP Group, refers to companies ultimately held by Mr. Shapoor P. Mistry and Mr. Cyrus P. Mistry).

For detailed Rationale Report of SPCPL, please contact us at [www.careratings.com](http://www.careratings.com)

CIPL and SCIPL are primarily investments companies of the SP group and are promoted by the Mistry Family and collectively hold 18.37% stake in TSL; which, in turn, hold investments in various Tata group entities.

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

### Annexure-1: Details of Instruments

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non-Convertible Debentures	-	-	-	750.00	Provisional CARE AA (SO); Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings		Rating history				
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Commercial Paper	ST	80.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)
2.	Commercial Paper	ST	35.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)
3.	Commercial Paper-Commercial Paper (Standalone)	ST	25.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)

						(08-Jun-18)		
4.	Commercial Paper	ST	245.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)
5.	Commercial Paper	ST	25.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)
6.	Commercial Paper	ST	25.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)
7.	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (16-Mar-18)	-
8.	Commercial Paper	ST	25.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18)	1)CARE A1+ (SO) (16-Mar-18)	1)CARE A1+ (SO) (22-Feb-17)



						2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)
9.	Commercial Paper	ST	20.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)	
10.	Commercial Paper	ST	35.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)Provisional CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)	
11.	Commercial Paper	ST	5.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)Provisional CARE A1+ (SO) (01-Sep-16)	

						4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	4)CARE A1+ (SO) (21-Jun-17)	4)CARE A1+ (SO) (20-May-16)
12.	Commercial Paper	ST	60.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)Provisional CARE A1+ (SO) (08-Jun-18)	1)Provisional CARE A1+ (SO) (16-Mar-18) 2)Provisional CARE A1+ (SO) (14-Dec-17) 3)Provisional CARE A1+ (SO) (18-Sep-17) 4)Provisional CARE A1+ (SO) (21-Jun-17)	1)Provisional CARE A1+ (SO) (22-Feb-17) 2)Provisional CARE A1+ (SO) (09-Dec-16) 3)Provisional CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)
13.	Commercial Paper	ST	50.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)
14.	Commercial Paper	ST	25.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)

						6)CARE A1+ (SO) (08-Jun-18)		
15.	Commercial Paper	ST	30.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (20-May-16)
16.	Commercial Paper	ST	100.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)CARE A1+ (SO) (16-Mar-18) 2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	1)CARE A1+ (SO) (22-Feb-17) 2)CARE A1+ (SO) (09-Dec-16) 3)CARE A1+ (SO) (01-Sep-16) 4)CARE A1+ (SO) (06-Jun-16) 5)Provisional CARE A1+ (SO) (20-May-16)
17.	Commercial Paper	ST	5.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)Provisional CARE A1+ (SO) (16-Mar-18) 2)Provisional CARE A1+ (SO) (14-Dec-17) 3)Provisional CARE A1+ (SO) (18-Sep-17) 4)Provisional CARE A1+ (SO) (21-Jun-17)	1)Provisional CARE A1+ (SO) (22-Feb-17) 2)Provisional CARE A1+ (SO) (09-Dec-16) 3)Provisional CARE A1+ (SO) (01-Sep-16) 4)Provisional CARE A1+ (SO) (06-Jun-16)
18.	Commercial Paper	ST	25.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18)	1)CARE A1+ (SO) (16-Mar-18)	1)CARE A1+ (SO) (22-Feb-17)

						2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	2)CARE A1+ (SO) (14-Dec-17) 3)CARE A1+ (SO) (18-Sep-17) 4)CARE A1+ (SO) (21-Jun-17)	2)CARE A1+ (SO) (09-Dec-16)
19.	Debentures-Non Convertible Debentures	LT	240.00	CARE AA (SO) (Under Credit watch with Developing Implications)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (08-May-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (05-Apr-19)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (11-Dec-18)	1)CARE AA+ (SO); Stable (16-Mar-18) 2)CARE AA+ (SO); Stable (03-Aug-17)	1)Provisional CARE AA+ (SO) (22-Feb-17)
20.	Debentures-Non Convertible Debentures	LT	90.00	CARE AA (SO) (Under Credit watch with Developing Implications)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (08-May-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (05-Apr-19)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (11-Dec-18)	1)CARE AA+ (SO); Stable (16-Mar-18) 2)CARE AA+ (SO); Stable (03-Aug-17)	1)Provisional CARE AA+ (SO) (22-Feb-17)
21.	Debentures-Non Convertible Debentures	LT	400.00	CARE AA (SO) (Under Credit watch with Developing Implications)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (08-May-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (05-Apr-19)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (11-Dec-18)	1)CARE AA+ (SO); Stable (16-Mar-18) 2)CARE AA+ (SO); Stable (05-May-17)	-
22.	Debentures-Non Convertible Debentures	LT	300.00	CARE AA (SO) (Under Credit watch with	1)CARE AA (SO) (Under Credit watch	1)CARE AA (SO) (Under Credit watch	1)CARE AA+ (SO); Stable (16-Mar-18)	-

				Developing Implications)	with Developing Implications) (08-May-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (05-Apr-19)	with Developing Implications) (11-Dec-18)	2)CARE AA+ (SO); Stable (29-May-17) 3)Provisional CARE AA+ (SO); Stable (19-May-17)	
23.	Commercial Paper	ST	45.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	1)Provisional CARE A1+ (SO) (16-Mar-18) 2)Provisional CARE A1+ (SO) (14-Dec-17) 3)Provisional CARE A1+ (SO) (29-Sep-17)	-
24.	Debentures-Non Convertible Debentures	LT	200.00	CARE AA (SO) (Under Credit watch with Developing Implications)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (08-May-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (05-Apr-19)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (11-Dec-18)	1)CARE AA+ (SO); Stable (16-Mar-18) 2)CARE AA+ (SO); Stable (14-Nov-17) 3)Provisional CARE AA+ (SO); Stable (25-Oct-17)	-
25.	Debentures-Non Convertible Debentures	LT	100.00	CARE AA (SO) (Under Credit watch with Developing Implications)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (08-May-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (05-Apr-19)	1)CARE AA (SO) (Under Credit watch with Developing Implications) (11-Dec-18)	1)CARE AA+ (SO); Stable (16-Mar-18) 2)Provisional CARE AA+ (SO); Stable (27-Feb-18)	-
26.	Debentures-Non Convertible Debentures	LT	125.00	CARE AA (SO) (Under Credit watch with	1)CARE AA (SO) (Under Credit watch	1)CARE AA (SO) (Under Credit watch	-	-

				Developing Implications)	with Developing Implications) (08-May-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (05-Apr-19)	with Developing Implications) (11-Dec-18) 2)CARE AA+ (SO); Stable (17-Apr-18) 3)Provisional CARE AA+ (SO); Stable (05-Apr-18)		
27.	Commercial Paper	ST	50.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)Provisional CARE A1+ (SO) (30-Jul-18) 6)Provisional CARE A1+ (SO) (08-Jun-18)	-	-
28.	Commercial Paper	ST	50.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)CARE A1+ (SO) (30-Jul-18) 6)CARE A1+ (SO) (08-Jun-18)	-	-
29.	Commercial Paper	ST	100.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)CARE A1+ (SO) (28-Aug-18) 5)Provisional	-	-

						CARE A1+ (SO) (30-Jul-18)		
30.	Commercial Paper	ST	50.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)CARE A1+ (SO) (21-Sep-18) 4)Provisional CARE A1+ (SO) (28-Aug-18)	-	-
31.	Commercial Paper	ST	60.00	CARE A1+ (SO)	1)CARE A1+ (SO) (05-Apr-19)	1)CARE A1+ (SO) (11-Dec-18) 2)CARE A1+ (SO) (29-Nov-18) 3)Provisional CARE A1+ (SO) (21-Sep-18)	-	-
32.	Debentures-Non Convertible Debentures	LT	750.00	Provisional CARE AA (SO); Stable	-	-	-	-

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**



**Lakshmi Cotfab Private Limited**

June 05, 2019

**Rating**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	13.10	CARE D (Single D)	Revised from CARE B+; Stable (Single B Plus; Outlook:Stable)
<b>Total</b>	<b>13.10</b> <b>(Rupees Thirteen crore and Ten lakh only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The revision in the rating assigned to the bank facilities of Lakshmi Cotfab Private Limited (LCPL) is primarily due to irregularity in servicing its debt obligations.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

**Detailed description of the key rating drivers****Key Rating Weaknesses****Ongoing delay in debt servicing**

The rating assigned to the bank facilities of LCPL takes into account on-going delays in servicing term loan principal installment and interest obligations

**Analytical approach:** Standalone

**Applicable Criteria**

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

**About the Company**

Rajkot-based (Gujarat) LCFPL was incorporated in September, 2013 by Mr. Nimish Lotiya, Mr. Vishal Lotiya and Mr. Harilal Khakhar. LCFPL is engaged into cotton ginning, cleaning and bailing process having an installed capacity of 350 full pressed cotton bales per day (165 kg each) as on March 31, 2018. The company procures raw cotton from farmers and sells its final products in domestic market to the states like Gujarat, Maharashtra, Tamil Nadu etc.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	58.86	62.51
PBILDT	1.62	1.76
PAT	0.06	0.21
Overall gearing (times)	4.01	2.43
Interest coverage (times)	1.47	1.70

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History (Last three years):** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March-20	0.60	CARE D
Fund-based - LT-Cash Credit	-	-	-	12.50	CARE D

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	0.60	CARE D	-	1)CARE B+; Stable (06-Nov-18)	1)CARE B+; Stable (31-Oct-17)	-
2.	Fund-based - LT-Cash Credit	LT	12.50	CARE D	-	1)CARE B+; Stable (06-Nov-18)	1)CARE B+; Stable (31-Oct-17)	-

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**Winmeen Engineers Private Limited**  
**June 05, 2019**

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. Crore)</b>	<b>Rating<sup>3</sup></b>	<b>Rating Action</b>
Long-term Bank Facilities	10.00	CARE B+; Stable (Single B Plus; Outlook: Stable)	<b>Assigned</b>
Long-term/Short-term Bank Facilities	2.00	CARE B+; Stable/ CARE A4 (Single B Plus; Outlook: Stable/ A Four)	<b>Assigned</b>
<b>Total Facilities</b>	<b>12.00 (Rupees Twelve crore only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The rating assigned to the bank facilities of Winmeen Engineers Private Limited (WEPL) is primarily tempered by small scale of operations with declining profitability margins, leveraged capital structure and weak debt coverage indicators, working capital intensive nature of business and high competition from other players in the industry

However, the rating derives comfort from qualified and experienced promoters along with reasonable track record of operations, increase in total operating income along with satisfactory order book position providing medium term revenue visibility, reputed clientele base and stable outlook for construction industry.

Going forward, the firm's ability to increase scale of operations by procuring large number of orders, execute the current order book on time and receive timely payments and utilize its working capital efficiently and improve its capital structure and debt-coverage indicators are the key rating sensitivities.

**Detailed description of the key rating drivers****Key Rating Weaknesses*****Small scale of operation with declining profitability margin***

The company has small scale of operations marked by total operating income of Rs.33.45 crore during FY18 and networth of Rs.3.10 crore as on March 31, 2018 as compared to its peers in the industry. The PBILDT margin of the company is declining year-on-year on account of execution of orders with low margin. The PBILDT margin declined by 526 bps and stood at 4.98% in FY18 as against 10.24% in FY17. The increase in interest cost on account of increased utilization of working capital facility resulted in under-absorption leading to decline in PAT margin as well which stood at 0.85% in FY18 as compared to 2.42% in FY17.

***Leveraged capital structure and weak debt coverage indicators***

The capital structure of the firm marked by debt-equity remained below unity on account of scheduled repayment of long-term loans. However, overall gearing deteriorated and stood leveraged at 4.26x as on March 31, 2018, against 3.77x as on March 31, 2017 on account of increased working capital utilization as on balance sheet date. The debt coverage indicators marked by total debt/GCA deteriorated from 14.40x in FY17 and stood weak at 21.86x in FY18 on the back of increase in total debt outstanding as of March 31, 2018. The interest coverage ratio, though deteriorated, remained moderate at 1.81x during FY18 against 2.39x in FY17.

***Working capital intensive nature of business operations***

The construction industry is working capital intensive in nature. The company receives payments from its clientele in around three months of time after submission of bills. The average inventory period stood comfortable at 7 days in FY18 owing to planned inventory management coupled with steady progress of projects as compared to 60 days in FY17. The firm makes payments to its creditors' within 2 months' time as per receipt of payments from customers. The working capital utilization rate stood at 90%-95% for 12 months ended December 2018.

***High competition from other players in the industry***

The industry is highly competitive with presence of number of players. Furthermore, the civil construction industry is tender driven; therefore, WEPL faces stiff competition from other established players in the industry.

**Key Rating Strengths*****Qualified and experienced management team along with reasonable track record of operations***

WEPL is managed by Mr. Sabasingaram, Director is qualified in MBA (Marketing in Construction) from Strayer University, London. Prior to this business he was designated in senior positions in various leading organizations. The promoters are supported by qualified and experienced second level management team consisting of a technical team which includes

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

engineers, technicians and administrative staff. Apart from that the company's reasonable track record of operations since 2011 will be a benefit to the company.

#### ***Increase in total operating income during the review period***

There was year-on-year growth in total operating income of the company. There was sharp increase in total operating income from Rs. 9.55 crore in FY17 to Rs. 33.45 crore in FY18 owing to regular receipt of work orders and execution of the same. The company has achieved Rs. 18.58 crore for 8MFY19 (Provisional).

#### ***Satisfactory order book position providing medium term revenue visibility***

As of December 2018, the order book of WEPL stood at Rs. 44.72 crore which translates to 1.33x of the total operating income of FY18, providing it with satisfactory revenue visibility for the medium term.

#### ***Reputed Clientele base***

Over the years of operations, WEPL has established strong association with various customers including reputed residential and commercial project developers.

#### ***Stable outlook for construction industry***

The construction industry contributes around 8% to India's Gross domestic product (GDP). Growth in infrastructure is critical for the development of the economy and hence, the construction sector assumes an important role. The sector was marred by varied challenges during the last few years on account of economic slowdown, regulatory changes and policy paralysis which had adversely impacted the financial and liquidity profile of players in the industry. The Government of India has undertaken several steps for boosting the infrastructure development and revive the investment cycle. The same has gradually resulted in increased order inflow and movement of passive orders in existing order book.

#### ***Liquidity Analysis***

The company had total cash and bank balance amounting to Rs. 0.04 crore as on March 31, 2018. The current ratio and quick ratio stood satisfactory at 1.26x and 1.23x respectively as of March 31, 2018. On an average, the company's unutilized fund based limits amounted to nearly Rs. 1.00 crore during the last 12 months ended December 2018.

**Analytical Approach:** Standalone

#### **Applicable criteria**

[Criteria on assigning Outlook to Credit ratings](#)

[CARE's policy on Default Recognition](#)

[Financial Ratios – Non-Financial Sector](#)

[Criteria for short term instruments](#)

#### **Background**

Xcel Project Development Private Limited was established in the year 2011 as a Private Limited Company by Mr. L. Sabasingaram, Director. However, changed to current nomenclature Winmeen Engineers Private Limited in the same year. The company is engaged in the construction of industrial, residential and commercial buildings.

<b>Brief Financials (Rs. crore)</b>	<b>FY17 (A)</b>	<b>FY18 (A)</b>
Total operating income	9.55	33.45
PBILDT	0.98	1.67
PAT	0.23	0.28
Overall gearing (times)	3.77	4.26
Interest coverage (times)	2.39	1.81

A: Audited

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	10.00	CARE B+; Stable
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	2.00	CARE B+; Stable / CARE A4

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	10.00	CARE B+; Stable	-	-	-	-
2.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	2.00	CARE B+; Stable / CARE A4	-	-	-	-

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**Rajul Builders**  
**June 05, 2019**
**Rating**

Facilities	Amount (Rs. crore)	Rating <sup>4</sup>	Rating Action
Long-term Bank Facilities	-	-	Withdrawn
<b>Total Facilities</b>	-		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers**

CARE has withdrawn the outstanding ratings of 'CARE BB-; Stable' [Double B minus; Outlook: Stable] assigned to the bank facilities of Rajul Builders (RB) with immediate effect. The above action has been taken at the request of RB and 'No Objection' received from the banks that have extended the facilities rated by CARE.

**Analytical approach:** Not Applicable

**Applicable Criteria**

[Policy on Withdrawal of ratings](#)

**About the Company**

Rajul Builders (RB) was formed in 1982 as a proprietorship concern by Mr. Dilip Mehta. RB is engaged in real estate activities in Jabalpur, Madhya Pradesh. Till date, the firm has completed 22 projects in Madhya Pradesh. Currently, the firm has 4 on-going projects namely Rajul Exotica, Rajul Smart Homes, Rajul Dream City, Rajul Singlex (Neemkheda).

Brief Financials (Rs. crore)	FY17(A)	FY18(A)
Total operating income	17.39	17.14
PBILDT	7.08	5.60
PAT	3.77	3.55
Overall gearing (times)	2.50	-
Interest coverage (times)	2.38	-

\*A=Audited

**Status of non-cooperation with previous CRA:** CRISIL has conducted the review based on best available or limited or dated information on the company and has classified Rajul Builders as "Not Cooperating" vide its press release dated September 29, 2018

**Any other information:** None

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	0.00	Withdrawn
Fund-based - LT-Working capital Term Loan	-	-	-	0.00	Withdrawn

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications



**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BB-; Stable (22-May-18)	-	-
2.	Fund-based - LT-Working capital Term Loan	LT	-	-	-	1)CARE BB-; Stable (22-May-18)	-	-

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### Essential Hospitality Private Limited

June 05, 2019

#### Ratings

Instrument	Amount (Rs. crore)	Rating <sup>5</sup>	Rating Action
Long Term Non-Convertible Debenture issue (NCD)	-	-	Withdrawn

#### Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the rating assigned to the NCD issue of Essential Hospitality Pvt. Ltd. with immediate effect, as the company has repaid the aforementioned NCD issue and there is no amount outstanding under the issue as on date.

**Analytical approach:** Not Applicable

#### Applicable Criteria

[Policy on Withdrawal of ratings](#)

#### About the Company

EHPL, promoted by RKW Developers Pvt. Ltd. (99.97% stake) and Wadhawan Holdings Pvt. Ltd. (0.03% stake) is an investment company of Wadhawan group. DHFL, the flagship company of the group, is the third largest housing finance company in India with total asset size of Rs. 107,436 crore as on Mar. 31, 2018 [P.Y.: Rs. 92,206 crore]. DHFL has a successful track record of over 30 years of lending in the low and middle income group in Tier II and Tier III cities, primarily to salaried individuals. EHPL owns commercial building known as Empressa (earlier known as Satnam House) with total saleable area of 93,424 sqft situated at Sahar Road, Andheri (East).

Particulars (Rs. in crores)	FY17(A)	FY18(A)
Total income	6.85	17.82
PBILDT	0.85	6.70
PAT	-8.64	-6.70
PBILDT margin (%)	12.41	37.60
Overall gearing	11.35	85.25

A: Audited; All analytical ratios are based on CARE's calculations.

**Status of non-cooperation with previous CRA:** Not Applicable.

**Any other information:** Not Applicable.

**Rating History for last three years:** Please refer Annexure-2

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	October 10, 2016	-	-	0.00	Withdrawn

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	-	-	1)CARE BBB-(SO) (Under Credit watch with Negative Implications) (23-May-19) 2)CARE BBB+(SO) (Under Credit watch with Developing Implications) (05-Apr-19)	1)CARE A (SO) (Under Credit watch with Developing Implications) (13-Mar-19) 2)CARE AA- (SO) (Under Credit watch with Developing Implications) (11-Feb-19)	1)CARE AA (SO); Stable (29-Mar-18)	1)CARE AA (SO) (30-Dec-16) 2)Provisional CARE AA (SO) (18-Oct-16)

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**Millenium Marbles Private Limited**  
**June 05, 2019**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>6</sup>	Rating Action
Long-term Bank Facilities	5.23	<b>CARE BB-;Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook Stable; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Revised from CARE BB; Stable(Double B; Outlook; Stable) based on best available information
Long-term/Short-term Bank Facilities	5.00	<b>CARE BB-; Stable/CARE A4 ISSUER NOT COOPERATING* (Double B Minus; Outlook Stable/A Four; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Revised from CARE BB; Stable/CARE A4(Double B; Outlook; Stable/A Four) based on best available information
<b>Total Facilities</b>	<b>10.23 (Rupees Ten crore and Twenty Three Lakhs only)</b>		

*Details of instruments/facilities in Anneuxre-1*

**Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated March 23, 2018, placed the rating(s) of Millenium Marbles Private Limited (MMPL) under the 'issuer non-cooperating' category as MMPL had failed to provide information for monitoring of the rating. MMPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated April 22, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.***

The revision in the long term rating assigned to the bank facilities of Millenium Marbles Private Limited (MMPL) on account of non-availability of sufficient information from the client and also couldn't conduct the due diligence.

The rating takes into the bank facilities of Millenium Marbles Private Limited (MMPL) are constrained on account of modest scale of operations coupled with low profitability, moderate capital structure and weak capital structure. The rating further remains constrained on account of working capital intensive nature of operations with stretched liquidity position. These factors far offset the benefits derived from long established track record of the promoters in the business

**Detailed description of the key rating drivers**

*At the time of last rating on March 23, 2018 the following were the rating strengths and weaknesses: (updated for the information available from MCA website):*

**Key Rating Weaknesses**

***Relatively modest scale of operations coupled with low profitability:*** The Kargwal group has exhibited a improvement in the scale of operations as, the total operating income improved by 14.29% and stood at Rs.149.18 crore in FY18 (vis-à-vis Rs.130.53 crore in FY17). Nonetheless it has remained modest thereby limiting financial flexibility of the group. Furthermore, due to its trading nature of business with minimal value addition, its profit margins are low.

***Moderately leveraged capital structure and weak debt coverage indicators:*** Capital structure marginally improved on account of repayment of vehicle loan and also on account accretion of profits to reserve and subordinated USL. Owing to above debt service coverage indicators has also marginally improved on account of improvement in cash accruals due to increase in net profit and improvement in PBILDT margins.

***Working capital intensive nature of operations with stretched liquidity position:*** Kargwal group's operations are working capital intensive in nature with funds being blocked in receivables and inventory necessitating dependence on high cost external borrowings; moreover the operating cycle has improved and stood at 140 days in FY18 (vis-à-vis 155 days in FY17) on account of better recovery management; on account of this, the utilization of the working capital limits remained ~100% during last 12 months ended as on January, 2019. The liquidity position of the company has slightly improved and continues to stressed marked by current ratio remained moderate at 1.54x with a low quick ratio of 0.84x as on March 31, 2018 (vis-à-vis 1.38x and 0.70x as on March 31, 2017 respectively). The investment in net working capital

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

as a percentage of total capital employed stood at 73.13% as on March 31, 2018, whereas the net cash flow from operating activities stood negative in FY18, the unencumbered cash & bank balance was around Rs.2.31 crore as on Mar 31, 2018.

#### Key Rating Strengths

**Long established track record of the promoters in the business:** The group is promoted by Mr. Rajendra Agarwal and Mrs. Bela Agarwal and both are vastly experienced having around 15 years of experience in the marble industry and an overall business experience of over two decades.

**Analytical Approach** - CARE has combined the risk profile of Millenium Marbles Private Limited (MMPL) and Kargwal Enterprise Private Limited (KEPL) to arrive at credit rating for MMPL (hereinafter referred to as Kargwal group or the group). The profiles are combined as the companies are promoted and managed by common top management and also share operational synergies in terms of procurement of goods, joint marketing channels under common brand name and within similar target markets. Furthermore, in addition to the operational synergies, MMPL has also given a corporate guarantee to the bank facilities of KEPL.

#### Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)  
[Policy in respect of Non-cooperation by issuer](#)  
[CARE's Policy on Default Recognition](#)  
[Rating Methodology: Factoring Linkages in Ratings](#)  
[Criteria for Short Term Instruments](#)  
[Rating Methodology-Manufacturing Companies](#)  
[Financial ratios – Non-Financial Sector](#)

#### About the company

Incorporated in 1999, Millenium Marbles Private Limited (MMPL) is engaged in the trading of polished marble. The company is part of the Kargwal group, which is owned and promoted by Mr. Rajendra Agarwal and his wife, Mrs. Bela Agarwal who both have an average experience of around 15 years in the marble trading industry. The flagship company Kargwal Enterprises Private Limited (KEPL, rated CARE BB/A4) is engaged in the processing and trading of marble. MMPL imports polished marble from Europe and the Middle East (constituted 26% of total purchases in FY16) while the balance is sourced from suppliers in the domestic market. The company's customers comprise various wholesalers in the domestic market to whom it sells its product from two showrooms in Mumbai.

Brief Financials – Consolidated (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	130.53	149.18
PBILDT	8.74	10.53
PAT	0.48	0.67
Overall gearing (times)	1.09	1.04
Interest coverage (times)	1.47	1.48

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

## Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-Long Term	-	-	-	5.00	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based-LT/ST	-	-	-	5.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information
Term Loan-Long Term	-	-	-	0.23	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable; ISSUER NOT COOPERATING* on the basis of best available information

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based-Long Term	LT	5.00	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (23-Mar-18)	1)CARE BB; Stable (16-Mar-17)
2.	Non-fund-based-LT/ST	LT/ST	5.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (23-Mar-18)	1)CARE BB; Stable / CARE A4 (16-Mar-17)

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**



**Eros International Media Limited**  
**June 05, 2019**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>7</sup>	Rating Action
Long-term Bank Facilities (Term Loan)	300.00	<b>CARE D (Single D)</b>	Revised from CARE BBB-; Stable (Triple B Minus; Outlook: Stable)
Long-term Bank Facilities (Cash Credit)	263.00	<b>CARE D (Single D)</b>	Revised from CARE BBB-; Stable (Triple B Minus; Outlook: Stable)
Short-term Bank Facilities	187.00	<b>CARE D (Single D)</b>	Revised CARE A3 (A Three)
<b>Total Facilities</b>	<b>750.00</b> <b>(Rs. Seven hundred and fifty crore only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The revision in the ratings assigned to the bank facilities of Eros International Media Ltd. (EIML) is on account of ongoing delays/default in debt servicing due to slowdown in collection from debtors, leading to cash flow issues in the company.

**Detailed description of the key rating drivers****Key Rating Weakness****Ongoing delays/default in debt servicing**

As a part of CARE's due diligence process, CARE had interacted with EIML's bankers and had also obtained 'Default if any' statements from the company which mentioned delays/default in debt servicing (both principal and interest) on the terms loans availed by the company, as also delays of more than 30 days in servicing interest on cash credit and packing credit, and a delay of more than 30 days in payment of bills. As per the management, the delays/ default in debt servicing is on account of slowdown in collection from debtors leading to cash flow issues in the company.

**Analytical approach:** Consolidated

The consolidated financials of EIML have been considered for analytical purposes. The consolidated financials include financials of EIML and its 10 subsidiaries and 1 joint venture. Details given in **Annexure 3**.

**Applicable Criteria**

[Criteria on assigning Outlook to Credit Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[Criteria for Short Term Instruments](#)  
[Rating Methodology: Factoring Linkages in Ratings](#)  
[Rating Methodology - Service Sector Companies](#)  
[Financial ratios – Non-Financial Sector](#)

**About the Company**

Eros International Media Ltd (EIML), a step-down subsidiary of Eros International Plc (EIP) is headed by Mr. Sunil Lulla, the Executive Vice Chairman and Managing Director of EIML. Eros group has been present in the Indian film industry for around thirty years and EIML has its distribution network in all the theatrical territories (total 14) in India. EIML is engaged in acquisition/production/co-production and distribution of Indian films across various formats. It owns a content library of 2000+ films and music. The international and digital rights for the new film content for the entire world excluding India are licensed to Eros Worldwide FZ-LLC (Dubai) (holding company of EIML), in accordance with the terms of the relationship agreement on cost-plus basis (i.e. at an additional margin of 20%).

During the month of August 2018, Reliance Industries Limited acquired 5% stake in EIP for a cash consideration of \$46.6 million. Reliance Industries and EIML has also created a joint venture – Reliance Eros Productions LLP wherein both the parties will equally invest upto \$150 million in aggregate, to produce and acquire Indian films and digital originals across all languages.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)	FY19 #
Total operating income	1418	972	1140
PBILDT	342	333	404
PAT	243	231	266
Overall gearing (times)	0.36	0.34	0.23
Interest coverage (times)	8.69	4.93	5.22

A: Audited

#as per the exchange disclosure of the company

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - ST-Bank Guarantees	-	-	-	1.00	CARE D
Fund-based - LT-Cash Credit	-	-	-	263.00	CARE D
Fund-based - LT-Term Loan	-	-	September 2021	300.00	CARE D
Fund-based - ST-Packing Credit in Indian rupee	-	-	-	69.50	CARE D
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	116.50	CARE D

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Non-fund-based - ST-Bank Guarantees	ST	1.00	CARE D	-	1)CARE A3 (03-Oct-18)	1)CARE A3+ (31-Mar-18) 2)CARE A2 (10-Nov-17)	1)CARE A1 (02-Sep-16)
2.	Fund-based - LT-Cash Credit	LT	263.00	CARE D	-	1)CARE BBB-; Stable (03-Oct-18)	1)CARE BBB+; Stable (31-Mar-18) 2)CARE A-; Stable (10-Nov-17)	1)CARE A+ (02-Sep-16)
3.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (10-Nov-17)	1)CARE A+ (02-Sep-16)
4.	Fund-based - LT-Term Loan	LT	300.00	CARE D	-	1)CARE BBB-; Stable (03-Oct-18)	1)CARE BBB+; Stable (31-Mar-18) 2)CARE A-; Stable (10-Nov-17)	1)CARE A+ (02-Sep-16)
5.	Fund-based - ST-Packing Credit in Indian rupee	ST	69.50	CARE D	-	1)CARE A3 (03-Oct-18)	1)CARE A3+ (31-Mar-18) 2)CARE A2 (10-Nov-17)	1)CARE A1 (02-Sep-16)
6.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	116.50	CARE D	-	1)CARE A3 (03-Oct-18)	1)CARE A3+ (31-Mar-18) 2)CARE A2 (10-Nov-17)	1)CARE A1 (02-Sep-16)
7.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (10-Nov-17)	1)CARE A+ (02-Sep-16)
8.	Commercial Paper	ST	-	-	-	-	1)Withdrawn (10-Nov-17)	1)CARE A1 (02-Sep-16)
9.	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (10-Nov-17)	1)CARE A+ (02-Sep-16)
10.	Commercial Paper	ST	-	-	-	-	1)Withdrawn (10-Nov-17)	1)CARE A1 (02-Sep-16)
11.	Fund-based - LT/ ST-CC/Packing Credit	-	-	-	-	-	-	1)CARE A+ / CARE A1 (02-Sep-16)

**Annexure -3: Details of Subsidiary and Joint Venture as on March 31, 2019**

Name of entities	Relationship	Stake held by EIML as on March 31, 2019
EROS International Films Pvt. Ltd.	Subsidiary	100%
EyeQube Studios Pvt. Ltd.	Subsidiary	100%
EM Publishing Pvt. Ltd.	Subsidiary	100%
EROS Animation Pvt. Ltd.	Subsidiary	100%
Bigscreen Entertainment Pvt. Ltd.	Subsidiary	64%
Copsale Ltd.	Subsidiary	100%
Digicine PTE Ltd.	Subsidiary	100%
Colour Yellow Productions Pvt. Ltd.	Subsidiary	50%
Universal Power Systems Pvt. Ltd.	Subsidiary	100%
EROS International Distribution LLP	Subsidiary	99.80%
Reliance EROS Production LLP	Joint Venture	50%

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

## Prabhu Dayal Kanojiya

June 05, 2019

## Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>8</sup>	Rating Action
Long-term Bank Facilities	6.00	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	6.00	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
<b>Total facilities</b>	<b>12.00</b> <b>(Rs. Twelve crore only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking no default statement from Prabhu Dayal Kanojiya to monitor the ratings vide e-mail communications dated May 15, 2019, May 08, 2019, May 06, 2019, May 02, 2019, April 30, 2019, April 16, 2019, April 08, 2019, April 03, 2019, April 01, 2019, March 30, 2019, March 15, 2019, March 07, 2019, March 05, 2019, March 01, 2019, February 28, 2019, February 15, 2019, February 07, 2019, February 05, 2019 and numerous phone calls. However, despite our repeated requests, the firm has not provided no default statement for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on Prabhu Dayal Kanojiya's bank facilities will now be denoted as **CARE B; Stable/ CARE A4; ISSUER NOT COOPERATING\***

*Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.*

For detail strengths and weakness considered during last review please refer to our press release published on June 27, 2018

**Applicable Criteria:**

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Financial ratios – Non-Financial Sector](#)

**Status of non-cooperation with previous CRA:** None

**Any other information:** None

**Rating History for last three years:** Please refer Annexure-2

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	1.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Bank Overdraft	-	-	-	5.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	6.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	1.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; Stable (27-Jun-18)	-	-
2.	Fund-based - LT-Bank Overdraft	LT	5.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; Stable (27-Jun-18)	-	-
3.	Non-fund-based - ST-Bank Guarantees	ST	6.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4 (27-Jun-18)	-	-

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## Shyam Industries

June 05, 2019

## Ratings

Facility/Instrument	Amount (Rs. crore)	Rating	Rating Action
Long-term Bank Facilities	2.52	<b>CARE B+; Stable</b> <b>(Single B Plus; Outlook: Stable)</b>	<b>Assigned</b>
<b>Total facilities</b>	<b>2.52</b> <b>(Rs. Two Crore and fifty lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The rating assigned to the bank facilities of Shyam Industries (SI) is primarily constrained on account of its modest scale of operations with thin operating margins, weak solvency position, working capital intensive nature of operations and constitution as a partnership concern. The rating, further, constrained on account of susceptibility of profit margins to fluctuation in the raw material prices and its presence in the fragmented industry with low entry barriers.

The rating, however, favorably takes into account experienced management coupled with long track record of operations along with group support.

The ability of SI to increase its scale of operations along with improvement in solvency position and better working capital management would be the key rating sensitivity.

**Detailed description of the key rating drivers****Key Rating Weakness*****Modest scale of operations***

The scale of operations of SI as indicated by TOI has shown a fluctuating trend in the last three financial years ended in FY18 mainly on account of being exposed to vulnerability in prices of agricultural commodities being market driven in nature. During FY19, TOI of the firm improved by 51.50% as against FY18, although stood modest at Rs.23.78 crore.

Till May 21, 2019, the firm has registered turnover of Rs. 4.50 Crore

***Thin operating margins with net profit in FY19 as against net loss in FY17 and FY18***

Being present in the agricultural industry, the profitability of the firm is exposed to fluctuation in the prices as well as availability of agriculture commodities. The profitability margins of the firm stood thin with PBILDT margin of 4.09% in FY19 as against 4.87% in FY18 declined by 78 bps mainly on account of higher employee costs and other expenses. In FY19, the firm registered net profit of Rs.0.07 Crore as against net loss of Rs 0.10 Crore in FY18 mainly on account of lower depreciation and interest charges.

***Weak solvency position***

The capital structure of the firm stood leveraged with an overall gearing of 4.54 times as on March 31, 2019, improved significantly from 6.75 times as on March 31, 2018 owing to repayment of term loan. Further, the debt service coverage indicators of the firm stood moderate with total debt to GCA of 9.55 times as on March 31, 2019, improved significantly from 15.31 times as on March 31, 2018 mainly due to decrease in total debt of the company and improvement in gross accruals. Furthermore, interest coverage ratio stood moderate at 2.29 times as on March 31 2019, improved from 1.91 times as on March 31, 2018 due to higher proportionate increase in PBILDT than in interest and finance expenses.

***Working capital intensive nature of operations***

The business of the firm is working capital intensive in nature with moderate operating cycle of 41 days in FY19, improved from 44 days in FY18 owing to lower inventory and collection period. The firm maintains the inventory of 45-60 days and receives payments from customers in 15-20 days whereas makes payment to suppliers in 20-30 days. The current ratio stood moderate at 1.20 times, however, quick ratio stood below unity at 0.30 times as on March 31, 2019. It has utilized almost 90% of its fund based limits in last twelve month ended April, 2019.

***Constitution as a partnership concern***

SI's constitution as a proprietorship concern with low net worth base restricts its overall financial flexibility in terms of limited access to external fund for any future expansion plans. Furthermore, there is an inherent risk of possibility of withdrawal of capital at the time of retirement of any partner and dissolution of the firm in case of death/insolvency of partners.

***Susceptibility of profit margins to fluctuation in raw material prices***

SI is primarily engaged in the processing of wheat. Wheat being an agricultural produce and staple food, its price is subject to intervention by the government. In the past, the prices of its raw materials have remained volatile mainly on account of the government policies with respect to Minimum Support Price (MSP) & controls on its exports. The prices



are also sensitive to seasonality in wheat production, which is highly dependent on monsoon. Any volatility in the prices will have an adverse impact on the performance of the flour mill and consequently their profit margins.

**Presence in a fragmented industry with low entry barriers**

The commodity nature of the product makes the industry highly fragmented with more than two-third of the total number of players being in unorganized sector with very less product differentiation. Due to the fragmented nature and low entry barriers in the industry, the flour mill units have limited flexibility over pricing their products which also results in low profit margins.

**Key Rating Strengths**

**Experienced management with long track record of operations along with group support**

Mr Bhiya Ram Jani has more than one decade of experience in the industry and looks after the overall functions of the firm. Further, SI has staff of more than 20 employees who helps in smooth functioning and assists in day to day business operations. Further, it is also supported by its group concerns such as Shyam Plaza and Shyam Tyres.

**Applicable Criteria:**

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology – Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

**Status of non-cooperation with previous CRA:** None

**Any other information:** None

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	August, 2023	1.02	CARE B+; Stable
Fund-based - LT-Cash Credit	-	-	-	1.50	CARE B+; Stable

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	1.02	CARE B+; Stable	-	-	-	-
2.	Fund-based - LT-Cash Credit	LT	1.50	CARE B+; Stable	-	-	-	-

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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Email ID : [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**SSB Metal Works**  
**June 05, 2019**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings<sup>9</sup></b>	<b>Rating Action</b>
Long-term Bank Facilities	1.50	CARE BB-; Stable [Double B Minus; Outlook:Stable]	Assigned
Short-term Bank Facilities	5.50	CARE A4 [A Four]	Assigned
<b>Total Facilities</b>	<b>7.00</b> <b>[Rs. Seven Crores Only]</b>		

*Details of instruments/facilities in Annexure -1*

**Detailed Rationale & Key Rating Drivers**

The ratings assigned to the bank facilities of SSB Metal Works (SSB) are constrained by relatively modest scale of operations with lower capitalization albeit continuous growth over last 4 years ended FY18 (refers to the period April 1 to March 31), low profit margins coupled with susceptibility to volatile raw material prices, working capital intensive nature of operations, supplier concentration risk, Foreign exchange fluctuation & geopolitical risk, presence in highly competitive & fragmented industry and partnership constitution of firm.

The ratings, however, derive strengths from the entity's long track record of operations coupled with highly experienced promoter and moderate capital structure & debt coverage indicators.

The ability of the entity to increase the scale of operations and improve profit margins amidst competitive & cyclical scenario, improve the capital structure and the liquidity position by efficiently managing the operating cycle is the key rating sensitivity.

**Detailed description of the key rating drivers****Key Rating Weaknesses**

**Relatively modest scale of operations albeit continuous growth over last 4 years:** The scale of operations of SSB stood relatively modest with the total operating income ranging from Rs.23.66 crore to Rs.37.56 crore during FY16 to FY19. However, the same has been continuously increasing at a CAGR of 16.66% over FY17-FY19 (from Rs.23.66 crore in FY17, Rs.29.30 crore and Rs.37.56 crore in FY18 and FY19 respectively) owing to increase in order receipts from the existing as well as new customers with significant increase in exports orders. Given the modest scale coupled with low profitability, the tangible net-worth base also stood low at Rs.4.02 crore as on March 31, 2019 (vis-à-vis Rs.3.48 crore as on March 31, 2018), thereby limiting the financial flexibility of the firm to that extent.

**Low profit margins coupled with susceptibility to volatile raw material prices:** The PBILDT margin of SSB stood relatively low in the range of 4.60% to 8.21% during FY16-FY19 given the competitive nature of operations. Furthermore, the same has been continuously deteriorating due to increase in raw material prices during the years along with increase in employee cost to support the increasing scale of operations. Further, the PAT margin has also remained low in the range of 0.75% to 1.12% during the said periods.

**Working capital intensive nature of operations:** The operations of SSB are working capital intensive in nature with a majority of funds blocked in inventory and a moderate portion in debtors. The inventory holding stood high at 65 days in FY19 (vis-à-vis 91 days in FY18), given the entity requires to maintain adequate raw materials, WIP and finished goods inventory due to process driven nature of operations. However, the collection period stood comfortable at 21 days in FY19 (vis-à-vis 20 days in FY18), given the moderate credit period of over 30-60 days extended to the customers, depending upon the entity's relation with them and their nature of repute. On the other hand, a moderate credit period of over 30-60 days is extended by the suppliers to the entity, depending upon the relationship with them. Given the high collection period albeit moderate creditors' period, the operating cycle stood moderate at 28 days in FY19 (vis-à-vis 56 days in FY18), whereas the working capital requirements are largely met by way of supplier credit and bank borrowing and hence, the average utilization of the working capital limits stood high at 89.10% during past 12 months ended March 31, 2019.

**Supplier concentration risk:** The raw materials viz. plastic powder, ball pens tips and ink etc. are procured from the local suppliers of the same depending upon the vicinity of the site location. Hence, the supplier profile of the firm remained concentrated with top 3 suppliers constituted 43.17% of total purchases during FY19 (vis-à-vis 51.17% in FY18).

<sup>2</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

**Foreign exchange fluctuation & geopolitical risks:** SSB is exposed to significant foreign exchange fluctuation risk, since 89.48% of the total sales in FY19 (vis-à-vis 84.67% in FY18) are earned by the exports. Furthermore, the products of the firm are majorly exported to the Brazil & Ethiopia, which are prone to frequent socio-political issues and manmade disasters, which make the firm exposed to significant geopolitical risk.

**Highly competitive & fragmented industry with volatility in raw material prices:** SSB operates in a highly competitive & fragmented industry with many organized and unorganized players engaged in manufacturing of ballpens & refills. The intense competition in the market impacts the profitability of the entity.

**Partnership constitution of firm:** Being a partnership firm, SSB has inherent risk of withdrawal of partners' capital at the time of personal contingency. Furthermore, it has restricted access to external borrowings where net worth as well as creditworthiness of the partner are the key factors affecting credit decision of the lenders. Hence, limited funding avenues along with limited financial flexibility have resulted in small scale of operations for the firm.

### Key Rating Strengths

**Long track record of operations coupled with highly experienced promoters:** SSB possesses long track record of over three decades of operations in manufacturing various types of pens, pencils, markers, highlighter and mathematical instruments. Over the years of its long-running operations, the entity has established long-term relationships with its various customers, suppliers and other stakeholders. The overall operations of SSB are looked after by the partners namely Mr. Bharat Lunia and Mr. Pravin Lunia who possess a total experience of 25 years in the writing instruments industry.

**Established relationship with moderately diversified clientele:** The customer profile of the firm remained highly diversified with presence in more than 30 countries worldwide. Also the top 3 customers constituted 19.45% of total sales in FY19 (vis-à-vis 21.57% in FY18) indicating moderately diversified customer base.

### Liquidity Position

The liquidity position of the firm is marked by moderately comfortable current ratio and moderate quick ratio at 1.65 times and 0.98 times respectively as on March 31, 2019. The net cash flow from operating activities stood positive at Rs.3.85 crore as on March 31, 2019. Moreover, the firm possesses free cash & bank balance of Rs.0.05 crore as on March 31, 2019 (vis-à-vis Rs.0.10 crore as on March 31, 2018). The average utilization of working capital limits remained at 89.10% during past 12 months ended March 2019.

**Analytical approach:** Standalone

### Applicable criteria:

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's Methodology for Manufacturing Companies](#)

[Criteria for Short Term Instruments](#)

[Financial ratios \(Non-Financial Sector\)](#)

### About the Company

SSB Metal Works (SSBMW) was originally established in the year 1987 as a proprietorship concern by Mr. Bharat Lunia and later on converted to partnership firm in the year 2009. Currently Mr. Bharat Lunia and Mr. Pravin Lunia are the partners of the firm. The firm is an engaged into manufacturing and exports of writing instruments viz. metal ball point pens, plastic ball point pens, roller pens, gift set, pencils and pen parts. FY14 onwards the entity launched additional stationery items in metal & plastic such as long scales, marker & highlighter. SSB market its products under the brand name "RADIUS". The entity's three plants are situated at Goregaon in Mumbai admeasuring 5265 sq. feet. and another 2 units at Vasai, Thane admeasuring 16,400 sq. feet and has installed capacity to manufacture 17 crore ball point pens and 18 lakhs pieces of mathematical instruments (compass box) per annum.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (P)
Total operating income	29.57	37.56
PBILDT	2.04	2.30
PAT	0.32	0.42
Overall gearing (times)	2.08	1.41
Interest coverage (times)	5.41	3.38

A: Audited; P: Provisional

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	July-2023	1.15	CARE BB-; Stable
Fund-based - LT-Cash Credit	-	-	-	0.35	CARE BB-; Stable
Fund-based - ST-Packing Credit in Foreign Currency	-	-	-	4.25	CARE A4
Fund-based - ST-Foreign Demand Bills Payable	-	-	-	1.25	CARE A4

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	1.15	CARE BB-; Stable	-	-	-	-
2.	Fund-based - LT-Cash Credit	LT	0.35	CARE BB-; Stable	-	-	-	-
3.	Fund-based - ST-Packing Credit in Foreign Currency	ST	4.25	CARE A4	-	-	-	-
4.	Fund-based - ST-Foreign Demand Bills Payable	ST	1.25	CARE A4	-	-	-	-

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**MTE Industries Private Limited**  
**June 05, 2019**

**Rating**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long term Bank Facilities	13.87	<b>CARE B+; Issuer not cooperating (Single B Plus) Issuer not Cooperating *</b>	<b>Issuer not cooperating; Revised from CARE BB-; Issuer not Cooperating (Double B Minus; Issuer not cooperating) On the basis of best available Information*</b>
Short term Bank Facilities	1.00	<b>CARE A4; Issuer not cooperating* (A Four Issuer not cooperating*)</b>	<b>Issuer not cooperating based on best available information*</b>
<b>Total</b>	<b>14.87 (Rupees Fourteen crore and Eighty Seven Lakhs only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking no default statement from MTE Industries Private Limited (MIPL) to monitor the ratings vide e-mail communications dated May 08, 2019, May 14, 2019, May 15, 2019 and numerous phone calls. However, despite our repeated requests, the firm has not provided no default statement for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on MIPL's bank facilities will now be denoted as **CARE B+; Stable/ CARE A4; Issuer not cooperating.**

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.***

**For detail strengths and weakness considered during last review please refer to our press release published on September 07, 2018.**

**Applicable Criteria:**

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Financial ratios – Non-Financial Sector](#)

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	December 2024	8.70	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	5.17	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

\*Issuer did not cooperate; based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	8.70	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information	-	1)CARE BB-; Stable (07-Sep-18)	1)CARE BB-; Stable (05-Jul-17)	-
2.	Fund-based - LT-Term Loan	-	-	-	-	-	1)CARE BB-; Stable (05-Jul-17)	-
3.	Fund-based - LT-Cash Credit	LT	5.17	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information	-	1)CARE BB-; Stable (07-Sep-18)	1)CARE BB-; Stable (05-Jul-17)	-
4.	Non-fund-based - ST-Bank Guarantees	ST	1.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4 (07-Sep-18)	1)CARE A4 (05-Jul-17)	-
5.	Non-fund-based - ST-Working Capital Limits	ST	-	-	-	1)Withdrawn (07-Sep-18)	1)CARE A4 (05-Jul-17)	-

\*Issuer did not cooperate; based on best available information



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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**T M Motors**  
**June 05, 2019**
**Rating**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>10</sup>	Rating Action
Long term Bank Facilities	11.00	CARE BB; Stable; ISSUER NOT COOPERATING* (Double B ; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BB+; Stable (Double B Plus; Outlook: Stable) on the basis of best available information
<b>Total</b>	<b>11.00</b> <b>(Rupees Eleven crore only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers**

CARE has been seeking no default statement from T.M.Motors (TMM) to monitor the ratings vide e-mail communications dated, May 15,2019, May 8,2019, May 6, 2019 and numerous phone calls. However, despite our repeated requests, the company has not provided no default statement for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on TMM's bank facilities will now be denoted as **CARE BB; Stable; ISSUER NOT COOPERATING\***

*Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.*

**For detail strengths and weakness considered during last review please refer to our press release published on July 19, 2018**

**Applicable Criteria:**

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Wholesale Trading](#)

[Financial ratios – Non-Financial Sector](#)

**Status of non-cooperation with previous CRA:** India Ratings has conducted the review based on best available information and has classified TM Motors as "Not Cooperating" vide its press release dated July 2018

**Any other information:** None

**Rating History for last three years:** Please refer Annexure-2

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	11.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information

\* Issuer not cooperating; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	11.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information	-	1)CARE BB+; Stable (19-Jul-18)	-	-

\* Issuer not cooperating; Based on best available information

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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Email ID: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**Gemini Edibles & Fats India Private Limited**  
**June 05, 2019**

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>11</sup></b>	<b>Rating Action</b>
Long term Bank Facilities	214.00 (Enhanced from 59.00)	<b>CARE A-; Stable</b> <b>(Single A Minus; Outlook: Stable)</b>	<b>Reaffirmed</b>
Short term Bank Facilities	597.00 (Reduced from 641.00)	<b>CARE A2+</b> <b>(A Two Plus)</b>	<b>Reaffirmed</b>
<b>Total</b>	<b>811.00</b> <b>(Rs. Eight Hundred Eleven crore only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The ratings assigned to the enhanced bank facilities of Gemini Edibles & Fats India Private Limited (GEPL) continue to draw strength from strong parentage, equity infusion by strategic Private Equity (PE) investor during FY19, strong brand presence in the refined oil segment coupled with reputed customer base and diversified product portfolio. The ratings also factor in growth in the total operating income coupled with improved profit levels in FY19 (Prov.) (refers to the period April 01 to March 31), satisfactory operating cycle and improved capital structure. The rating strengths however are partially offset by susceptibility to volatility associated with raw material prices, proposed debt funded capex and company's presence in an intensely competitive industry. The ability of the company to complete the capacity expansion as envisaged, withstand the fluctuations in raw material prices and along with changes in the regulatory environment are the key rating sensitivities.

**Detailed description of the key rating drivers****Key Rating Strengths*****Strong Parentage along with improved credit profile of Golden Agri Resource Limited (GARL)***

GARL listed on Singapore Exchange (SGX) since 1999 and is one of the leading Indonesian plantation groups with integrated operations for the production of palm oil-based edible oil and fat products. It has majority stake (56.27%) in GEPL through its subsidiary, Golden Agri International India Holding Pte Ltd. (GAIHPL). During CY17, GARL has witnessed growth in total operating income by 4.14% and growth in operating profits by 37% over CY16. Further, capital structure of GARL represented by debt to equity and overall gearing has continued to remain comfortable at below unity.

***Equity investment by Black River Food 2 Pte Ltd***

During October, 2018, a private equity investor; "Black River Food 2 Pte Ltd" (BRPL; a private equity arm of the US food and agriculture giant, Cargill Incorporated, USA) has entered into definitive agreement with GEPL and acquired 25% stake by infusing Rs.440 crore in the company. The said equity infusion will improve the liquidity position and further strengthen the capital structure of GEPL.

***Strong brand presence in the refined oil segment coupled with reputed clientele base***

GEPL has major presence in Andhra Pradesh, Telangana, Orissa and also moderate presence in Tamil Nadu and Karnataka for its edible oils business through a strong network of 815 distributors, 37 depots with a mix of own depot and through C&F agents. GEPL has built an esteemed client list for its specialty fats business. ITC, Parle, Britannia, Del Monte, Ravi Foods, Haldiram's and Nilgiri's are already sourcing a part of their requirement from the company.

***Diversified product basket in edible oils segment***

The product portfolio of GEPL consists of a wide range of products, including various refined edible oils (sunflower, palm, mustard and soyabean oil), Vanaspati & fats, specialty products etc. enabling the company to mitigate the agro-climatic risk associated with a single product.

<sup>11</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

**Comfortable growth in operating revenue and profitability margins**

The total operating income (TOI) of the company has increased by 6.29% to Rs.4,009.30 crore in FY18 against Rs.3,772.20 crore in FY17. The PBILDT margin of GEPL improved by 112 bps from 3.00% during FY17 to 4.12% during FY18 as the company changed the product mix by increasing the sales of high margin branded sunflower oil while reducing the sales of loose/unbranded palm oil. During FY19 (Prov.), company has achieved total operating income of Rs.5,449.44 crore, witnessing an y-o-y growth rate of around 35.92% over FY18. Profit levels at operating and net level have also witnessed growth of around 29.27% and 17.76% respectively over the previous fiscal.

**Comfortable albeit marginally elongated operating cycle in FY18**

The working capital cycle of GEPL remained comfortable at 38 days during FY18 (FY17: 34 days). During FY18, the company has increased its raw material inventory holding to meet the increasing demand for its products in the market resulting in elongation of average inventory period from 39 days during FY17 to 49 days during FY18.

**Satisfactory capital structure with stable debt protection metrics**

The overall gearing of the company improved from 1.76x as on March 31, 2017 to 1.34x as on March 31, 2018 on account of accretion of profits to reserves. The total debt to GCA of the GEPL has improved from 5.17x during FY17 to 3.79x during FY18 on account of improvement in cash accruals from Rs.75.02 crore during FY17 to Rs.112.96 crore during FY18. Further, the capital structure is expected to strengthen going forward at the back of fresh equity infusions.

**Comfortable liquidity position**

The liquidity profile of the company remains comfortable with cash balance (including deposits) of Rs.1,765.57 crore as on March 31, 2018 (as against Rs.1,066.12 crore as on March 31, 2017).

**Industry outlook:**

The increasing edible oil consumption in India is mainly attributed to three factors: better standards of living, decline in edible oil prices and growth in demand for fried processed food products. Govt has increased the import duty on crude palm oil, refined palm oil and crude soya bean oil in order to prevent the cheap edible oil imports. The import duty on crude and refined sunflower oil was increased by 10% by Government of India. The hike in import duty is likely to push up the prices of sunflower oil as they are mostly imported and, in turn, would also influence the domestic prices to rise.

**Key Rating Weaknesses****Significant dependence on import of raw material**

Crude Palm Oil (CPO) and Crude Sunflower Oil form the largest portion of total raw material cost for GEPL. In absence of backward integration, GEPL is significantly dependent on imports for procurement of raw materials and is thereby exposed to high volatility associated with the commodity prices. During Q1FY19, the raw material prices of the company have increased on account of increase in the import duty by 10% by Government of India. Due to highly competitive nature of the industry, the company could not pass on the entire price burden on its customers resulting in deterioration of profitability margins during the period.

**Proposed debt funded capex**

The company proposes to increase its installed capacity during FY19-FY20. The said expansion project will be funded through debt equity ratio of 50:50. The execution of proposed capex without incurring cost or time overrun remains to be seen from credit perspective.

**High fragmentation and competition among domestic players due to low barriers to entry**

The edible oil industry in India is characterized by intense competition and fragmentation, with the presence of a large number of units attributable to low entry barriers such as low capital and low technical requirements of the business and a liberal policy regime. As a result of this, high competition and fragmentation, profit margins in the edible oil business tend to be thin.

**Analytical approach: Standalone****Applicable Criteria**
[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Rating Methodology-Manufacturing Companies](#)
[Financial ratios – Non-Financial Sector](#)
[Criteria for Short Term Instruments](#)
**About the company**

Incorporated in 2009, GEPL, a 56.27% step-down subsidiary of GARL, is engaged in the business of trading, manufacturing and marketing of edible oils [crude palm oil (CPO), crude palm kernel oil (CPKO) and crude sunflower oil (CSO)] and specialty fats for the bakery and confectionery segment. GEPL is promoted by Mr Pradeep Chowdhry, who has over three decades of industry experience, and has worked in senior positions at leading FMCG companies in the food space. The company has mainly four umbrella brands under which all the packaged products are marketed, viz, 'First Klass' for Palmolein and Vanaspati, 'Freedom' for Soyabean and Sunflower and 'Fabula' & 'BE-Rite' for specialty fats used in bakery.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	3,772.20	4,009.30
PBILDT	113.04	165.23
PAT	59.58	98.76
Overall gearing (times)	1.76	1.34
Interest coverage (times)	2.34	1.49

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	May 2024	151.00	CARE A-; Stable
Fund-based - LT-Cash Credit	-	-	-	63.00	CARE A-; Stable
Non-fund-based - ST-BG/LC	-	-	-	597.00	CARE A2+

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	151.00	CARE A-; Stable	-	1)CARE A-; Stable (07-Dec-18) 2)CARE A-; Stable (10-Aug-18)	1)CARE A-; Stable (06-Oct-17) 2)CARE A-; Stable (14-Sep-17)	1)CARE A-; Stable (16-Jan-17)
2.	Fund-based - LT-Cash Credit	LT	63.00	CARE A-; Stable	-	1)CARE A-; Stable (07-Dec-18) 2)CARE A-; Stable (10-Aug-18)	1)CARE A-; Stable (06-Oct-17) 2)CARE A-; Stable (14-Sep-17)	1)CARE A-; Stable (16-Jan-17)
3.	Non-fund-based - ST-BG/LC	ST	597.00	CARE A2+	-	1)CARE A2+ (07-Dec-18) 2)CARE A2+ (10-Aug-18)	1)CARE A2+ (06-Oct-17) 2)CARE A2+ (14-Sep-17)	1)CARE A2+ (16-Jan-17)

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