CARE Ratings
Professional Risk Opinion

CARE RATINGS PRESS RELEASE

April 29, 2020

Name Of The Company	Instruments	Rating	Amount (Rs.Cr.)
Sunder Deep Educational Society	Bank Facilities	CARE B+; Stable ISSUER NOT COOPERATING* [Revised from CARE BB-; Stable]	15
Shivalik Remedies Private Limited	Bank Facilities	CARE B-; Stable ISSUER NOT COOPERATING* [Revised from CARE B+; Stable]	5.50
Seema Construction Company	Bank Facilities	CARE BB-;/ CARE A4; ISSUER NOT COOPERATING* [Revised from CARE BB;]	49.50
Jai Bharat Rice Mills	Bank Facilities	CARE B/CARE A4; ISSUER NOT COOPERATING* [Revised from CARE B+/CARE A4;]	22.75
GN Pal and Associates	Bank Facilities	CARE B; Stable/ CARE A4 ISSUER NOT COOPERATING* [Revised from CARE B+; Stable]	13
Aditya Auto Industries	Bank Facilities	CARE B; ISSUER NOT COOPERATING* [Revised from CARE B+]	8.80
Shapers Constructions Limited	Bank Facilities	CARE BB+; Stable; / CARE A4+; ISSUER NOT COOPERATING* [Revised from CARE BBB-;Stable/ CARE A3]	35
Panyam Cements and Mineral Industries Limited	Bank Facilities NCD	CARE D; CARE D; ISSUER NOT COOPERATING*	39.32 97.86
Omvishwa Grains Private Limited	Bank Facilities	CARE B;Stable; ISSUER NOT COOPERATING*	7
Promax Technologies	Bank Facilities	CARE B+;Stable; /CARE A4; ISSUER NOT COOPERATING* [Revised from CARE BB-; Stable; /CARE A4;]	5.75
Vee Kay Enterprises	Bank Facilities	CARE B-;Stable; ISSUER NOT COOPERATING* [Revised from CARE B+;]	10.55
Sai Overseas	Bank Facilities	CARE B-;Stable; / CARE A4; ISSUER NOT COOPERATING*	14.60
SK Overseas	Bank Facilities	CARE B;Stable; ISSUER NOT COOPERATING* [Revised from CARE B+; Stable;]	9.56
Shivalik Vyapaar Private Limited	Bank Facilities	CARE C; Stable; ISSUER NOT COOPERATING*	9
H.K. Designs (India) LLP	Bank Facilities	CARE A; Negative/ CARE A2+ [Outlook revised from stable]	75.18
Unity Jewels	Bank Facilities	CARE A; Negative [Outlook revised from stable]	20
H.K. Jewels Private Limited	Bank Facilities	CARE A; Negative [Outlook revised from stable]	25
Hari Krishna Exports Private Limited	Bank Facilities	CARE A; Negative/ CARE A2+ [Outlook revised from stable]	1626.89

Devu Tools Private Limited	Bank Facilities	CARE BB; Stable/ CARE A4 [Revised from CARE BB+; Stable]	136.59
Dhanlaxmi Infrastructure Private Limited	Bank Facilities	CARE A-; [Revised from CARE A-; Stable] Under Credit watch with Negative Implications	161.80
Fedbank Financial Services Ltd	Bank Facilities NCD	CARE AA-; Negative CARE AA-; Negative [Outlook revised from Stable]	3500 200
Anusha Projects Private Limited	Bank Facilities	CARE BBB; Stable/ CARE A3+ [Reaffirmed]	102
Sahdev Jewellers	Bank Facilities	CARE D; ISSUER NOT COOPERATING* [Reaffirmed]	51.40
Gayatri Agro Oil and Food Products	Bank Facilities	CARE BB-; Stable; ISSUER NOT COOPERATING* [Revised from CARE BB; Stable]	12.61
Fenasia Limited	Bank Facilities	CARE B-; Stable; / CARE A4; ISSUER NOT COOPERATING* [Revised from CARE B+; Stable]	9.50

***Provisional Rating**

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 *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

CAREs 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 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.

Sunder Deep Educational Society
April 29, 2020

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Long-term Bank Facilities	15.00	**CARE B+; Stable ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)**	Issuer Not Cooperating; Revised from CARE BB-; Stable Issuer not cooperation* (Double B Minus; Outlook:Stable Issuer not cooperating*) on the basis of best available information
Total	**15.00 (Rupees Fifteen crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 11, 2019, placed the rating of **Sunder Deep Educational Society** (SDES) under the 'issuer non-cooperating' category as SDES had failed to provide information for monitoring of the rating. SDES continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated April 14, 2020, April 09, 2020 and April 07, 2020. 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(s).

The rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by **SDES** with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the rating continues to remain constrained on account mall and declining scale of operations, low and declining enrolment ratio, highly regulated educational sector in India, intense competition from established and upcoming educational institutes and operations concentrated primarily to a single geographical area. The rating, however, continues to draws comfort from the experienced members of the society, moderate profitability margins, capital structure and coverage indicators. The rating further draws comfort from diverse course offerings, well established infrastructure.

Detailed description of the key rating drivers
Credit Risk Assessment
Key Rating Weakness
Small and declining scale of operations

The scale of operations has been declining on year on year basis for the past three financial years i.e. FY15-FY17 (FY refers to the period April 1 to March 31). The total operating income stood at Rs.25.28 crore for FY17 as against Rs.33.89 crore for FY15. This was on account of decline in number of students enrolled in engineering courses and management courses. Low enrolment of students led to consistent decline in scale of operations. Furthermore, the small scale limits the society's financial flexibility in times of stress and deprives it of scale benefits.

Low and declining enrolment ratio in main courses

Through its eight colleges, SDES offers education in a wide range of courses namely B.Tech, MBA, BCA, BBA, MCA, law, diploma, architecture etc. Except few courses, enrolment ratio has been low and declining across majority of the courses including engineering and management courses. Low enrollment is also reflected in consistent decline in scale of operations.

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[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

Highly regulated educational sector in India

In addition to AICTE, the educational institutes are regulated by respective State Governments with respect to the number of management seats, amount of the tuition fees charged for the Government quota and management quota. These factors have a significant impact on the revenue and profitability of the institutions. The education sector remains highly regulated industry with constant intervention from the central state government and other regulatory bodies.

Intense competition from established and upcoming educational institutes and operations concentrated primarily to a single geographical area

SDES operates through its eight colleges and a school in Uttar Pradesh (UP).All the institutes of the SDES are based in Ghaziabad i.e., single location of western UP, which limits the reach penetration level for the society to tap opportunities. The society faces intense competition in UP in the management and engineering courses from the well-established institutes in the state. Furthermore, due to increasing focus on technical education in India, a number of colleges have been opened up in close proximity. This exposes the revenue of SDES to competition from other colleges. The student enrolment ratio of SDES has been declining over the last three years due to intense competition that the society faces from various colleges operating within vicinity.

<u>**Key Rating Strengths**</u>

Experienced members of the society

SDES is a family run society; promoted by Mr. Mahender Aggarwal, Mr. Akhil Aggarwal and Mrs. Saroj Aggarwal. All the promoters have around a decade of experience in education sector through their association with SDES.

Well established infrastructure and diverse course offerings

The society has its campus situated on the outer periphery of Ghaziabad, it is well connected to NCR through NH-24. The campus environment and facilities are conductive to professional studies with ample facilities such as sports, transportation facility, laboratories, modern classrooms, computer centers including conference halls, auditoriums, video conferencing, medical facilities, multi-media projectors, well stocked libraries, classrooms etc. SDES offers diverse courses like B.tech, M.tech, MBA, MCA, BBA, BCA, PGDM, diploma in Engineering, etc. Various different fields are being covered by the trust which diversifies the revenue sources, resulting in different stream of revenue generation along with less vulnerability to changes proposed in the courses structure by SDES. Thus, the revenue of SDES is not concentrated to a single college or course thereby reducing dependency on a particular course or college.

Moderate profitability margins, capital structure and coverage indicators

The society, though 'not-for-profit' in nature enjoys moderate profitability position with SBID (surplus before interest, depreciation and tax) margin of 25.65% and net surplus margin of 5.65% for FY17. However, the profitability margins have been fluctuating for the past three financial years (FY15-FY17) as the society has diverse course offerings with varied fee structure. The fee revenue is directly associated with enrollment ratio and respective fee structure and profitability margins are directly associated with the same.

As on March 31, 2017, the capital structure stood moderate marked by overall gearing of 0.48x. The same improved from 0.63x as on March 31, 2016 mainly on account of repayment of term loan coupled with retention of profits.

The debt coverage indicators as marked by interest coverage and total debt to GCA continues to remain moderate at 3.02x and 4.18x respectively for FY17 as against 2.55x and 6.70x respectively for FY16.

Industry prospects of higher/professional education sectors

As per CARE Research, the Indian Education Sector is to grow and the higher education segment would remain the major contributor to the overall growth of the education sector. The growth is expected to be fuelled majorly by increasing demand for education owing to favorable demographics, rising income levels, and keen interest of government in this sector. CARE research also expects, the demand of these courses in higher education, which comprises of graduation and post-graduation courses; are growing at a phenomenal pace in India, targeting approximately 12.54% of Indian population in the age group of 18-24 years of age. Also the increase in government spending on education over the years has provided an impetus to the growth of higher education in India.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
CARE's Rating Methodology – education sector
Financial ratios – Non-Financial Sector

About the Society
Sunder Deep Educational Society was established in 2004 under the Society Registration Act, 1860 with an objective to provide education services by establishing and operating various educational institutions. The society is presently running 8 colleges under the name of "Sunder Deep Group of Institutions" (SGI) at Ghaziabad, Uttar Pradesh. The society also operates a school in the name of "Sunder Deep World School" providing primary and secondary education from Nursery to Class IX. The various courses offered by the institution are B.Tech, M.tech, BBA, MBA, B.Arch, BA LLB, B.Pharm, BHMCT, etc. The institution is affiliated to UP Technical University (UPTU), Lucknow and courses are approved by All India Council for Technical Education (AICTE).

(Rs. In crore)

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	28.76	25.28
SBID	5.72	6.48
Surplus	0.56	1.43
Overall gearing (times)	0.63	0.48
Interest coverage (times)	2.55	3.02

A: Audited

Status of non-cooperation with previous CRA: Brickworks has conducted the review and has classified Sunder Deep Educational Society as "Not Cooperating" vide its press release dated March 24, 2020.

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-Bank Overdraft	-	-	-	15.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Bank Overdraft	LT	15.00	CARE B+; 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* (11-Feb-19)	1)CARE BB; Stable (26-Dec-17)

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to 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 the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Shivalik Remedies Private Limited
April 29, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	5.50	**CARE B-; Stable ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)**	Issuer Not Cooperating; Revised from CARE B+; Stable Issuer not cooperating* (Single B Plus; Outlook:Stable Issuer not cooperating*) on the basis of best available information
Total	**5.50 (Rupees Five crore and Fifty lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE had, vide its press release dated February 11, 2019, placed the rating of **Shivalik Remedies Private Limited** (SRPL) under the 'issuer non-cooperating' category as SRPL had failed to provide information for monitoring of the rating. SRPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated April 14, 2020, April 09, 2020 and April 07, 2020. 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(s).
The rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by **SRPL** with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the rating continues to remain constrained on account of small and declining scale of operations, residual project execution and stabilization risk and net losses. The rating further continues to remain constrained by competitive nature of the industry with stringent regulations. The rating, however, continue to draw comfort from experienced promoter, comfortable capital structure and moderate operating cycle.

Detailed description of the key rating drivers
Credit Risk Assessment
Key Rating Weakness
Small and declining scale of operations
The scale of operations continues to remain small as marked by total operating income and gross cash accruals of Rs.20.22 crore and Rs.0.15 crore respectively in FY19 (FY refers to April 01 to March 31). Furthermore, the scale has been declining on y-o-y basis for the past three financial years (FY17-FY19) mainly on account of decline in number of order executed during the year. The small scale limits the firm's financial flexibility in times of stress and deprives it from scale benefits.

Residual project execution and stabilization risk
The company was undertaking capex for setting up an additional manufacturing unit at Roorkee, Haridwar. The total cost of the project was estimated at Rs.11.06 crore which is proposed to be funded through term loan of Rs. 3.00 crore and balance through promoter's contribution. The debt of the same has been tied up and the commercial production is expected to start from December, 2018. As on December 15, 2017, SRPL had incurred an expenditure of Rs. 5.90 crore towards the project and the same has been funded through term loan of Rs. 2.00 crore and the promoters' contribution of

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

Rs 3.90 crore. The company is exposed towards residuals project execution and completion of the project within the envisaged time and cost. CARE is unable to comment on the same, due to non-cooperation from the client.

Net Losses

The company manufactures wide variety of pharmaceuticals drugs in form of tablets, capsules and liquid orals wherein the margins are directly linked to the product category and specification. Being in a competitive nature of industry and being a small player, company has low bargaining power with its customers. For the past two financial years (FY18-FY19), the company has been suffering net losses.

Competitive nature of the industry with stringent regulations

Indian Pharmaceuticals industry is highly competitive in nature with large number of small and medium sized players having established brands and marketing set ups. Intense competition in manufacturing of pharmaceutical formulation segment limits pricing flexibility, which constrains their ability of product development and geographical diversification in regulated market. Furthermore, it is highly regulated market in terms of intellectual property rights and regulatory requirements.

Key Rating Strengths

Experienced Promoter

SRPL is promoted by Mr. C. S. Bohra and Mr. Rajiv Bohra. Both of them are pharmacology graduates and have experience of more than 2 decades in the pharmaceuticals and chemical industry though their association with this entity and other sister concerns like Bohra Life Science Private Limited. Further, the business operations are supported by Mr. Abhimanu Kumar. He looks after the marketing department for the company; having experience of ~2 decades of experience in the trading industry.

Comfortable capital structure

The debt structure of the company mainly comprises of unsecured borrowings from related parties and working capital borrowings. The capital structure of the company continue to remain comfortable as marked by overall gearing below unity as on the balance sheet date of past three financial years (FY17-FY19).

Moderate operating cycle

The company maintains stock of various API's and other raw materials for smooth production process leading to high inventory holding of 397 days. Being a highly competitive business, the company has to give extended credit period to its customers and similarly enjoys high credit period from its suppliers. Thus, resulting in a moderate operating cycle of 24 days in FY19.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
CARE's methodology for Manufacturing Companies
Financial ratios – Non-Financial Sector

About the Company

Delhi Based, Shivalik Remedies Private Limited was incorporated in March, 2005. The company is currently being managed by Mr. C. S. Bohra and Mr. Rajiv Bohra and Mr. Abhimanu Kumar. The company is engaged in manufacturing of pharmaceutical formulations i.e. general tablets, capsules and liquid orals. The manufacturing unit is located in Roorkee, Uttarkhand. SRPL sells its products across India to pharmaceutical companies in the domestic markets.

(Rs. In crore)

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	20.97	20.22
PBILDT	-0.66	0.63
PAT	-1.69	-1.08
Overall gearing (times)	0.39	0.50
Interest coverage (times)	-5.75	-0.86

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	-	-	March, 2023	3.00	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	2.50	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	3.00	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (11-Feb-19) 2)CARE BB-; Stable (26-Apr-18)	-
2.	Fund-based - LT-Cash Credit	LT	2.50	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (11-Feb-19) 2)CARE BB-; Stable (26-Apr-18)	-

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to 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.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Seema Construction Company
April 29, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	9.50	**CARE BB-; ISSUER NOT COOPERATING* (Double B Minus; ISSUER NOT COOPERATING*)**	Issuer Not Cooperating;Revised from CARE BB; Issuer not cooperating* (Double B; Issuer not cooperating*) on the basis of best available information
Short term Bank Facilities	40.00	**CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)**	Issuer Not Cooperating; on the basis of best available information
Total	**49.50 (Rupees Forty Nine crore and Fifty lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 08, 2019, placed the rating of **Seema Construction Company** (SCC) under the 'issuer non-cooperating' category as SCC had failed to provide information for monitoring of the rating. SCC continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated April 14, 2020, April 09, 2020 and April 07, 2020. 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(s).

The rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by **SCC** with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further the ratings continue to remain constrained on account of modest though growing scale of operations and highly competitive industry with presence of several organized and unorganized players. The ratings, however, continues to derive strength from moderate profitability margins and operating cycle. The ratings, further draws comfort from moderate capital structure and coverage indicators.

Detailed description of the key rating drivers
Credit Risk Assessment
<u>Key Rating Weakness</u>
Modest though growing scale of operations

For the period FY14-FY16 (refers to the period April 01 to March 31), the firm's total operating income grew on account of higher execution of high value orders. The firm is a small regional player involved in executing civil construction contracts for government departments. The ability of the firm to scale up to larger-sized contracts having better operating margins is constrained by its comparatively modest capital base. The modest scale of operations in a fragmented industry limits the pricing power and benefits of economies of scale.

Highly competitive industry with presence of several organized and unorganized players

SCC faces direct competition from various organized and unorganized players in the market. There are number of small and regional players and catering to the same market which has limited the bargaining power of the firm and has exerted pressure on its margins. The firm majorly undertakes contracts which are awarded through the tender-based system. The tender-based business is characterized by intense competition and the growth of the business depends on its ability to

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

successfully bid for the tenders and emerge as the lowest bidder. Hence, going forward, due to increasing level of competition and aggressive bidding, the profits margins are likely to be under pressure in the medium term.

Key Rating Strengths

Moderate profitability margins and operating cycle

The profitability margins of the firm though fluctuating; however, remained moderate in the last 3 FY's (FY14-FY16). The profitability margins of the firm are dependent on the contracts executed by the firm in respective financial year. The firm maintains inventory in the form of raw material for the smooth running of construction work. Furthermore, the company raises bills to its customers who take 25-30 days to pay the bill. The firm receive credit period of around two weeks from its suppliers.

Moderate capital structure and coverage indicators

The capital structure and debt service indicators of SCC stood moderate owing to higher capital base as compared to its debt. The debt service indicators of the firm have also remained moderate over last three financial years (FY14-FY16) owing to moderate profitability and resultant moderate gross cash accruals.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
CARE's methodology for infrastructure companies
Financial ratios – Non-Financial Sector

About the Firm

Seema Construction Company (SCC) is a proprietorship concern established in 1992 by Mr. Gagan Saran Rana. The firm is a class 'A' contractor which undertakes civil construction contracts for government entities which includes both central and state. The firm receives the orders mainly through tenders and the tenure of the contracts range from 12 months to 18 months.

(Rs. In crores)

Brief Financials (Rs. crore)	FY15 (A)	FY16(Prov.)
Total operating income	45.06	60.94
PBILDT	7.39	9.27
PAT	2.66	3.66
Overall gearing (times)	1.64	1.24
Interest coverage (times)	3.08	4.40

A: Audited; Prov.-Provisionals

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-Cash Credit	-	-	-	9.50	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	20.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Proposed non fund based limits	-	-	-	20.00	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	9.50	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE BB; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE BB+; ISSUER NOT COOPERATING* (02-Nov-17)
2.	Non-fund-based - ST-Bank Guarantees	ST	20.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE A4+; ISSUER NOT COOPERATING* (02-Nov-17)
3.	Non-fund-based - ST-Proposed non fund based limits	ST	20.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating;	-	-	1)CARE A4; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE A4+; ISSUER NOT COOPERATING* (02-Nov-17)

				Based on best available information				

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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Jai Bharat Rice Mills
April 29, 2020

Ratings

Facilities	**Amount (Rs.crore)**	**Rating[1]**	**Rating Action**
Long Term Bank Facilities	16.55	**CARE B ; ISSUER NOT COOPERATING* (Single B; ISSUER NOT COOPERATING)**	Issuer Not Cooperating; Revised from CARE B+; Issuer not cooperating* (Single B Plus; Issuer not cooperating*) on the basis of best available information
Long Term/ Short term Bank Facilities	6.00	**CARE B/CARE A4; ISSUER NOT COOPERATING* (Single B/A Four; ISSUER NOT COOPERATING)**	Issuer Not Cooperating; Revised from CARE B+/CARE A4; Issuer not cooperating* (Single B Plus/ A Four Issuer not cooperating*) on the basis of best available information
Short term Bank Facilities	0.20	**CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING)**	Issuer Not Cooperating; Based on best available information
Total	**22.75 (Rupees Twenty Two crore Seventy Five lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 08, 2019, placed the rating of **Jai Bharat Rice Mills** (JBRM) under the 'issuer non-cooperating' category as JBRM had failed to provide information for monitoring of the ratings. JBRM continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated April 14, 2020, April 09, 2020 and April 07, 2020. In line with the extant SEBI guidelines, CARE has reviewed the ratings 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(s).

The ratings has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by **JBRM** with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the ratings continue to remain constrained on account of small scale of operations and weak financial risk profile. The ratings is further constrained on account of working capital intensive nature of operations coupled with weak liquidity indicators, fragmented and competitive nature of industry and business susceptible to the vagaries of nature. The ratings, however, continues to derive strength from experienced proprietor and favorable manufacturing location.

Detailed description of the key rating drivers
Credit Risk Assessment
Key Rating Weakness
Small scale of operations

The scale of operations of the firm has remained small marked for last three financial years i.e. FY14-FY16 (refers to the period April 1 to March 31).The small scale limits the firm's financial flexibility in times of stress and deprives it from scale benefits.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

Weak financial risk profile
The firm has low profitability margin due to low value addition and its presence in a highly fragmented and competitive industry. Also, PAT margin stood below unity due to high interest costs owing to reliance on external borrowings. The capital structure of the firm stood leveraged due to high dependence on bank borrowings coupled with low partners' capital. Further, the coverage indicators of the firm remained weak due to high reliance on external debt resulting in high interest cost coupled with low gross cash accruals.

Working capital intensive nature of operations
Operations of the firm are working capital intensive in nature mainly on account high average inventory holding. Being a seasonal product, the firm maintains adequate inventory of raw material for smooth running of its production processes and has to maintain finished goods (rice) to meet the immediate demand of its customers. The firm offers credit period of around one month to its customers owing to high competition. It procures the paddy mainly on cash basis and from few suppliers it gets payable period of around one month.

Fragmented and competitive nature of industry
The commodity nature of the product makes the industry highly fragmented, with numerous players operating in the unorganized sector with very less product differentiation. There are several small scale operators which are not into end-to-end processing of rice from paddy, instead they merely complete a small fraction of processing and dispose-off semi-processed rice to other big rice millers for further processing. Furthermore, the concentration of rice millers around the paddy growing regions makes the business intensely competitive.

Business susceptible to the vagaries of nature
Rice being mainly a 'kharif' crop is cultivated from June-July to September-October, and the peak arrival of crop at major trading centers begins in October. The output is highly dependent on the monsoon. Unpredictable weather conditions could affect the domestic output and result in volatility in the price of rice. Further, the Government of India (GoI) every year decides a minimum support price (MSP) of paddy which limits the bargaining power of the rice millers over the farmers. The millers can sell rice at the market rates in the open market only after they fulfill the levy quota. Frequent changes in the government policies regarding imposition of ban on export and minimum export price are an inherent risk for all the non-basmati rice processors.

Key Rating Strengths
Experienced promoters
JBRM is currently being managed by Mr. Ganesh Dass Garg and his son Mr. Assem Garg. Mr. Ganesh Dass Garg has experience of more than three decades through his association with JBRM and earlier with Durga Rice Mills. He is supported by his son in managing the overall operations of the firm who has experience of one decade through his association with JBRM.
Favourable manufacturing location
JBRM is mainly engaged in milling and processing of rice. Haryana is one of the highest producers of paddy in India, which ensures easy availability of paddy. Furthermore, owing to its location, the firm is able to cut on the freight component for procurement of raw materials.

Analytical approach: Standalone
Applicable Criteria
Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
CARE's methodology for manufacturing companies
Financial ratios – Non-Financial Sector

About the Firm
Haryana based Jai Bharat Rice Mills (JBRM) was established in 2001 as a proprietorship firm by Mr. Ganesh Dass Garg. JBRM was reconstituted as a partnership firm on April 1, 2005 with inclusion of Mr. Assem Garg as a partner. The current partners are Mr. Ganesh Dass & Mr. Aseem Dass and sharing their profit and losses equally. JBRM is engaged in milling, processing

and trading of basmati rice with an installed capacity of 4 tonne per hour (MTPH) at unit located at Tarori, Karnal, Haryana. The firm procures the raw material (unprocessed rice/ paddy) from grain markets of Haryana and sells its product to rice exporters in Haryana.

(Rs. In crores)

Brief Financials (Rs. crore)	FY15 (A)	FY16 (A)
Total operating income	61.54	67.20
PBILDT	2.34	2.62
PAT	0.20	0.22
Overall gearing (times)	3.92	4.06
Interest coverage (times)	1.31	1.25

A: Audited

Status of non-cooperation with previous CRA: SMERA has conducted the review and has classified Jai Bharat Rice Mills as "Not Cooperating" vide its press release dated April 25, 2019.

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	-	-	-	11.05	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT/ ST-Cash Credit	-	-	-	6.00	CARE B / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+ / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Forward Contract	-	-	-	0.20	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	-	0.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Proposed fund based limits	-	-	-	5.00	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	11.05	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE B+; ISSUER NOT COOPERATING* (03-Nov-17)
2.	Fund-based - LT/ ST-Cash Credit	LT/ST	6.00	CARE B / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+ / CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+ / CARE A4; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE B+ / CARE A4; ISSUER NOT COOPERATING* (03-Nov-17)
3.	Non-fund-based - ST-Forward Contract	ST	0.20	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE A4; ISSUER NOT COOPERATING* (03-Nov-17)
4.	Fund-based - LT-Term Loan	LT	0.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE B+; ISSUER NOT COOPERATING* (03-Nov-17)
5.	Fund-based - LT-	LT	5.00	CARE B; ISSUER	-	-	1)CARE B+; ISSUER	1)CARE B+; ISSUER

	Proposed fund based limits			NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information			NOT COOPERATING* (08-Feb-19)	NOT COOPERATING* (03-Nov-17)

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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GN Pal and Associates
April 29, 2020

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Long-term Bank Facilities	9.00	**CARE B; Stable ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)**	Issuer Not Cooperating; Revised from CARE B+; Stable Issuer not cooperating* (Single B Plus; Outlook:Stable Issuer not cooperating*) on the basis of best available information
Short-term Bank Facilities	4.00	**CARE A4 ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)**	Issuer Not Cooperating; on the basis of best available information
Total	**13.00 (Rupees Thirteen crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE had, vide its press release dated February 08, 2019, placed the rating of **GN Pal & Associates** (GNPA) under the 'issuer non-cooperating' category as GNPA had failed to provide information for monitoring of the rating. GNPA continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated April 14, 2020, April 09, 2020 and April 07, 2020. 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(s).
The rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by **GNPA** with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further the ratings continues to remain constrained on account of nascent stage of operations, susceptibility of profit margins to fluctuation in gold prices. The ratings is further constrained on account of presence in highly fragmented and competitive industry and proprietorship nature of its constitution. The ratings, however, continues to derive strength from experienced proprietor and association with well established brand name 'Tanishq'.

Detailed description of the key rating drivers
Credit Risk Assessment
Key Rating Weakness
Nascent stage of operations
GNPA has commenced the operations of selling jewellery by procuring showroom on rent at Haldwani, Nainital. It commenced its operations from July 15, 2017; hence FY18 is the first year of commercial operations for the firm. The firm achieved a TOI of Rs.14.50 crore for its four months of operations till November 6, 2017 (Provisional).

Susceptibility of profit margins to fluctuation in gold prices
The profit margins of GNPA are susceptible to fluctuation in the prices of gold and other gem stone along with longer inventory holding period inherent to the gems and jewellery industry which will have an impact on the margins of players in the gems & jewellery industry.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

Presence in highly fragmented and competitive industry and proprietorship nature of its constitution
GNPA has its presence in the gold jewellery industry which is highly fragmented in nature with the presence of numerous independent small-scale enterprises in the unorganized sector and some of the large players in organized sector, which intensifies competition. The constitution as a proprietorship firm restricts GNPA's overall financial flexibility in terms of limited access to external funds for any future expansion plans.

Key Rating Strengths
Experienced proprietor
GNPA has been promoted by Mr. Gopal Singh Pal, who is holding healthy experience of around three decades in diversified industries; including real estate, gems and jewellery, stone crushing etc. He handles overall operations of the firm.

Association with well established brand name 'Tanishq'
The firm is operating under the reputed and well established brand name of 'Tanishq', which is owned by Titan Industries Ltd. (Titan), a TATA Group company, having a vast experience in the same line of business and a large web of showrooms across the country.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
CARE's methodology for wholesale trading
Financial ratios – Non-Financial Sector

About the Firm
Haldwani-based (Uttarakhand), GNPA was established in May, 2017 by Mr. Gopal Singh Pal as a proprietorship firm. The firm has started operations from July 2017. The firm is engaged in business of trading of gems and jewellery as a franchise of Tanishq at Haldwani. All the ornaments sold are manufactured and supplied by Titan. The showroom has been set up to fulfill the norms and standards of Titan with respect to display, stocking and selling.
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-Electronic Dealer Financing Scheme	-	-	-	8.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Bank Overdraft	-	-	-	1.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - ST-Standby Line of Credit	-	-	-	4.00	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Electronic Dealer Financing Scheme	LT	8.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE BB-; Stable (21-Feb-18) 2)CARE BB-; Stable (04-Dec-17)
2.	Fund-based - LT-Bank Overdraft	LT	1.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE BB-; Stable (21-Feb-18) 2)CARE BB-; Stable (04-Dec-17)
3.	Fund-based - ST-Standby Line of Credit	ST	4.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE A4 (21-Feb-18)

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Aditya Auto Industries
April 29, 2020

Rating

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	8.80	**CARE B; ISSUER NOT COOPERATING* (Single B; ISSUER NOT COOPERATING*)**	Issuer Not Cooperating; Revised from CARE B+ Issuer not cooperating* (Single B Plus ; Issuer not cooperating*) on the basis of best available information
Total	**8.80 (Rupees Eight crore and Eighty lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE had, vide its press release dated February 08, 2019, placed the rating of **Aditya Auto Industries** (AAI) under the 'issuer non-cooperating' category as AAI had failed to provide information for monitoring of the rating. AAI continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated April 14, 2020, April 09, 2020 and April 07, 2020. 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(s).
The rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by **AAI** with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the rating continue to remain constrained on account of leveraged capital structure and high inventory holding. The rating is further constrained on account of volatility in prices of raw material and finished goods. The rating, however, continues to derive strength from experienced proprietor, concentrated though reputed customer base and growing scale of operations coupled with moderate profitability margins.

Detailed description of the key rating drivers
Credit Risk Assessment
<u>Key Rating Weakness</u>
Leveraged capital structure
The capital structure of the firm stood leveraged on account of high dependence on working capital borrowings.

High inventory holding period
AAI has working capital intensive nature of operations mainly on account of high inventory period. The firm maintains inventory mainly in the form of raw materials for 120 days in FY15 for smooth production process. Suppliers allow around 45 days of credit period to AAI, while the firm also grants a credit period of around 25 days.

Volatility in prices of raw material and finished goods
The finished goods as well as raw material prices of machine components are highly volatile in nature and dependent on the fortunes of steel & iron industry. Since the raw material cost is the major cost driver and any southward movement in the price of finished goods with no decline in raw material price is likely to result in adverse performance. Moreover, with no long-term agreement for procurement of raw materials, price volatility of the same may affect profitability

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[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

Key Rating Strengths

Experienced proprietor

The operations of (AAI) are currently managed by Ms Neetu Rajput. Ms Neetu Rajput has an experience of more than a decade in the manufacturing of sheet metal components and plastic moulding components through her association with AAI.

Concentrated though reputed customer base

The firm has established good relationship with Original Equipment Manufacturers (OEM's) such as LG Electronics India Private Limited. In light of the satisfactory work, it has managed to get repeat orders from its clients. A reputed client base assures timely payment and lends comfort to the revenue realization. However, the firm's sales are concentrated to one single client and in the event of change in procurement policy of these players the business of the client will be adversely impacted. CARE is unable to comment on its present level of concentrated customer base due to non-cooperation from client.

Growing scale of operations coupled with moderate profitability margins

AAI has been growing continuously and the growth was attributable to increase in quantity sold to new and existing customers. The PBILDT margin of the firm stood moderate. However, high financial charges and depreciation cost restricted the net profitability of the firm. Debt coverage indicators of the firm have remained satisfactory levels owing to moderate PBILDT margins.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
CARE's methodology for manufacturing companies
Financial ratios – Non-Financial Sector

About the Firm

Greater Noida-based (Uttar Pradesh) AAI, a proprietorship concern, was established in 2003 by Ms. Neetu Rajput. AAI is engaged in the manufacturing of sheet metal components and plastic moulding components. The firm majorly procures the raw material from LG Electronics India Private Limited and Bhushan Steels Limited. The firm also imports some of the raw material from Korea and any shortfall is met through suppliers located in the local area. AAI has agreement with LG Electronics India Private Limited for supply of sheet metal components and plastic molding components. The firm also sells the products to local traders.

(Rs. In crores)

Brief Financials (Rs. crore)	FY15 (A)
Total operating income	45.25
PBILDT	5.78
PAT	1.49
Overall gearing (times)	3.15
Interest coverage (times)	2.09

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-Cash Credit	-	-	-	8.80	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	8.80	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE B+; ISSUER NOT COOPERATING* (10-Nov-17)

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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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.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Shapers Constructions Limited
April 29, 2020

Ratings

Facilities/Instruments	**Amount (Rs. crore)**	**Ratings**[1]	**Rating Action**
Long-term Bank Facilities	1.00	**CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable; ISSUER NOT COOPERATING*)**	**"Issuer Not Cooperating; Revised from CARE BBB- ;Stable (Triple B Minus; Outlook:Stable) on the basis of best available information"**
Short-term Bank Facilities`	34.00	**CARE A4+; ISSUER NOT COOPERATING* (A Four Plus; ISSUER NOT COOPERATING***	**"Issuer Not Cooperating; Revised from CARE A3 (A Three) on the basis of best available information"**
Total	**35.00 (Rupees Thirty-five Crores Only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key rating Drivers

CARE has been seeking information from Shapers Constructions Limited (SCL) to monitor the ratings vide e-mail communications dated January 09, 2020, January 24, 2020, February 07, 2020, February 25, 2020, March 12, 2020, March 17, 2020, March 24, 2020, April 15, 2020, April 16, 2020 and April 20, 2020 numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. 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. Further, SCL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on SCL bank facilities will now be denoted as **CARE BB+; Stable; ISSUER NOT COOPERATING* and 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 rating(s).

The ratings have been revised on account of decline in profitability margins. The ratings, further, continue to remain constrained on account of geographical concentration risk and competitive nature of construction industry

The ratings, however, continue to derive strength from SCL's long track record of operations with experienced management in the civil construction industry, comfortable solvency position, strong liquidity position with high cash and bank balance and low utilized bank limits.

Detailed description of the key rating drivers

At the time of last rating on April 04, 2019, the following were the rating strengths and weaknesses (Updated for the information available from ROC)

Key Rating Weakness

Moderate profitability margins

PBILDT margin decreased drastically from 12.66% during FY18 to 9.22% during FY19 mainly on account of higher cost of material consumed and other expenses. In line with PBILDT margin, Profit after tax (PAT) margin also decreased marginally from 5.70% during FY18 to 4.70% during FY19.

Geographical concentration risk and competitive nature of construction industry

SCL is relatively small construction players with major focus on road projects. Further given operations limited to the single state, SCL is exposed to geographical concentration risk along with sectoral risk. Moreover, given the nature of business,

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

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

SCL continues to be exposed to inherent risks associated with execution of construction projects. The timely completion of the projects would be critical from the credit perspective of the SCL. Furthermore SCL faces fierce competition from other companies for tenders of contracts and any changes in current policies of the state government with regard to change in budget allocation would impact SCL's revenue considerably.
The road construction sector is highly fragmented and competitive in nature with presence of large number of registered contractors, leading to aggressive biddings, which in turn results in modest profit margins for players including SCL. Furthermore the revenue for any particular year is dependent on the successfully bidding & timely completion of projects in hand.
Despite the absence of price escalation clause in its contracts, the operating margins of SCL have remained fairly stable over the past couple of years. This was primarily on the account of the shorter tenure of the projects undertaken by SCL.

Key Rating Strengths
Experienced management in the civil construction industry
SCL has been in the civil construction business for around three decades and has satisfactory track record of completion of road and other civil construction contracts awarded by government bodies in the state of Madhya Pradesh. On the account of the timely completion of the project, SCL has gained a reputation and has established good relationships with government entities and other contractors.
The key promoter-director, Mr. Babulal Shukla has over five decades of experience in the civil construction industry and looks after overall business functions. Other directors Mr. Prakash Shukla and Mr. Pradeep Shukla, civil engineers have almost two decades of experience in the civil construction industry and currently monitor all the projects of SCL. The directors are assisted by qualified and experienced management team.

Improvement in Total operating income in FY19
Total Operating Income (TOI) of SCL increased from Rs.72.60 crore during FY18 to Rs.108.13 crore during FY19 mainly on account of higher work orders executed during the year.

Comfortable solvency position
The overall gearing of the company stood low at 0.11 times as on March 31, 2019 as against 0.06 times as on March 31, 2018 on account of increase in total debt viz-a-viz net worth. Further, the debt coverage indicators of the company stood comfortable at 1.14 times as on March 31, 2019 as against 0.67 times as on March 31, 2018. The interest coverage stood comfortable at 15.24 times as on March 31, 2019.

Strong liquidity position with high cash and bank balance and low utilized bank limits
Cash and bank balance of the company further increased from Rs.72.74 crore as on March 31, 2018 to Rs.80.70 crore as on March 31, 2019. The company has minimal utilization of 10-15% its cash credit limits of Rs.1 crore for the past 12 months ended March, 2020. The company has negative operating cycle of 19 days in FY19 as against 4 days in FY18 due to decrease in collection period.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short term Instruments
Rating Methodology – Construction Sector
Financial ratios – Non-Financial Sector

About the Company
Incorporated in 1983, Shapers Construction Limited (SCL) was founded by Mr. Babulal Shukla and later converted into a public limited company in the year 1996. The company is engaged in construction of roads, bridges, highways and runways. SCL secures all its contracts through open bidding process and its clients include Public Works Department (PWD) of Madhya Pradesh, Bhopal Development Authority (BDA), National Highways Authority of India (NHAI), Military Engineer

Services (MES) and other contractors.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	72.60	108.13
PBILDT	9.19	9.97
PAT	4.14	5.09
Overall gearing (times)	0.06	0.11
Interest coverage (times)	6.18	15.24

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

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-Cash Credit	-	-	-	1.00	CARE BB+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BBB-; Stable on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	34.00	CARE A4+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A3 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	1.00	CARE BB+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BBB-; Stable on the basis of best available information	-	1)CARE BBB-; Stable (04-Apr-19)	1)CARE BBB-; Stable (05-Apr-18)	-
2.	Non-fund-based - ST-Bank Guarantees	ST	34.00	CARE A4+; ISSUER NOT COOPERATING* Issuer not cooperating; Revised	-	1)CARE A3 (04-Apr-19)	1)CARE A3 (05-Apr-18)	-

				from CARE A3 on the basis of 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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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Panyam Cements and Mineral Industries Limited
April 29, 2020

Ratings

Facilities/Instruments	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Long-term Bank Facilities	30.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	9.32	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total Facilities	**39.32 (Rupees Thirty Nine crore and Thirty Two lakh only)**		
Non-Convertible Debentures	97.86	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total Instruments	**97.86 (Rupees Ninety Seven crore and Eighty Six lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated December 26, 2018, placed the rating(s) of Panyam Cements and Mineral Industries Limited (PCMIL) under the 'issuer non-cooperating' category as PCMIL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. PCMIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated April 6, 2020 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(s).

Detailed description of the key rating drivers

At the time of last rating in December 26, 2018 the following were the rating strengths and weaknesses (updated from information available from BSE and NCLT:

Key Rating Weaknesses

Continued delays in debt servicing owing to weak liquidity position: There are continued delays in debt servicing on account of liquidity constraint. The company suspended operations from December 2018 and continued to incur cash losses during FY19 which has led to stretched liquidity position and consequently delays. The same have also been mentioned in the audit report of the company. The operating cycle for the company has deteriorated further from 53 days in FY18 to 91 days in FY19, owing to stretched collection period, which declined from 54 days in FY18 to 131 days during FY19. Further, as on March 31, 2019, the company had cash and bank balance of Rs.0.13 crore. Further, debenture trustee has filed case against the company in NCLT.

Significant decline in operations: The total operating revenue (TOI) for the company reduced by 54.34% to Rs.82.28 crore during FY19 from Rs.180.22 crore during FY18. Similarly, the company incurred operating loss of Rs.14.70 crore during FY19

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[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*
**Issuer did not cooperate; Based on best available information*

as against PBILDT of Rs.11.54 crore during FY18. Along similar lines, the loss levels of the company increased from Rs.31.44 crore during FY18 to Rs.67.39 crore during FY10

Continued leveraged capital structure with further deterioration: The capital structure of the company continues to remain leveraged. The net worth of the company has completely eroded as in March 31, 2019.
Significant exposure to group companies: The company's exposure towards group companies continues to remain high in the form of equity, advances, Inter Corporate Deposits and also Corporate Guarantees given for debt availed by group entities.

Key Rating Strengths
Experienced promoters with long track record of operations in diversified business: PCMIL belongs to Nandi Group of Industries, which has presence in diversified businesses such as cements, dairy, construction, PVC pipes, etc mainly in Andhra Pradesh. The main promoter, Mr S.P.Y. Reddy (Chairman) has business experience of more than three decades. The business operations of the group have benefited from Mr. Reddy's long established track record in different businesses and the vast industry network developed over the years.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
CARE's methodology for Manufacturing Companies
Rating Methodology – Cement Industry
Financial ratios – Non-Financial Sector

About the Company
Panyam Cements &Mineral Industries Limited (PCMIL), incorporated in June 1955, is part of Nandi Group of Industries based out of Nandyal in Andhra Pradesh. PCMIL is currently engaged in manufacturing of Ordinary Portland Cement (OPC) 53 grade & 43 grade and Pozzolona Portland cement (PPC) with installed capacity of 1 million tons per annum (MTPA) at its manufacturing facilities located at Kurnool District, Andhra Pradesh. PCMIL was acquired by Nandi Group from its earlier promoters Mr. M. V. Subba Rao and Associates during September 2004 when it was a sick company. Over the years, Nandi Group has successfully revived the company and furthermore, promoters have undertaken large modernization and expansion projects to increase scale of operations and reduce operational costs. Since 1978, the Nandi group has built a diversified presence of businesses such as cement, dairy, PVC pipes, construction, TMT bars etc.

Brief Financials	FY18 (A)	FY19 (A)
Total Operating income	180.22	82.28
PBILDT	11.54	-14.70
PAT	-31.44	-67.39
Overall gearing (times)	NM	NM
Interest Coverage (times)	0.34	NM

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	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	30.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees		-	-	-	9.32	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures	INE167EO7018	March 30, 2016	14%	March 31, 2021	97.86	CARE D; 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	30.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (26-Dec-18)	1)CARE D (29-Sep-17) 2)CARE D (05-Sep-17)
2.	Non-fund-based - ST-Bank Guarantees	ST	9.32	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (26-Dec-18)	1)CARE D (29-Sep-17) 2)CARE D (05-Sep-17)
3.	Debentures-Non Convertible Debentures	LT	97.86	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (26-Dec-18)	1)CARE D (29-Sep-17) 2)CARE D (05-Sep-17)

Annexure-3: Detailed explanation of covenants of the rated facilities: NA

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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Omvishwa Grains Private Limited
April 29, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	7.00	**CARE B;Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Total Facilities	**7.00 (Rupees Seven crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated January 31, 2019, placed the rating of Omvishwa Grains Private Limited under the 'issuer non-cooperating' category as Omvishwa Grains Private Limited had failed to provide information for monitoring of the rating. OGPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 16, 2020, April 15, 2020, April 14, 2020 and April 13, 2020. 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 ratings.

Detailed description of the key rating drivers

At the time of last rating in February 06, 2019 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Limited experience of promoters in agro processing industry

OVG is currently being managed by Mr. Raghbir Chand, Mr. Dharam Pal and Mr. Ved Prakash. Mr. Raghbir Chand, Mr. Dharam Pal and Mr. Ved Prakash have an industry experience of around two decades, one and a half decades, and three decades respectively as a commission agent through their association with Ram Niwas Raghbir Chand, Bishan Kumar Nand pal and Ram Krishan Trading Company respectively. The promoters have no prior experience in agro processing industry. However, the management is supported by a team of experienced and qualified professionals having varied experience in the technical, finance and marketing fields. They entered into this field on account of low profitability margins witnessed in commission agent firms.

Stabilisation risk associated with newly setup debt funded green field project

The operations of the company commenced operations in October 2017. Further, post project implementation risk is associated in the form of stabilization of the manufacturing facilities to achieve the envisaged scale of business and salability risk is associated with the products in the light of competitive nature of industry. During the initial phases of operations, the capital structure of the company is expected to remain leveraged characterized by high overall gearing of over seven times due to capex term loans and low capital base.

Susceptibility to fluctuation in raw material prices and monsoon dependent operations

Agro-based industry is characterized by its seasonality, due to its dependence on raw materials whose availability is affected directly by the vagaries of nature. Availability and prices of agro commodities are highly dependent on the climatic conditions. Adverse climatic conditions can affect their availability and leads to volatility in raw material prices. The monsoon has a bearing on crop availability which determines the prevailing rice prices. Any sudden spurt in the raw material prices may not be passed on to customers completely owing to company's presence in highly competitive industry.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

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

Fragmented nature of industry coupled with high level of government regulation
The commodity nature of the product makes the industry highly fragmented with numerous players operating in the unorganized sector with very less product differentiation. There are several small scale operators which are not into end to-end processing of rice from paddy, instead they merely complete a small fraction of processing and dispose-off semi-processed rice to other big rice millers for further processing. Furthermore, the raw material (paddy) prices are regulated by government to safeguard the interest of farmers, which in turn limits the bargaining power of the rice millers.

Analytical approach: Standalone

Applicable Criteria:
Policy in respect of Non-cooperation by issuer
Criteria on assigning Rating Outlook and Credit Watch
Rating Methodology – manufacturing companies
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector

About the firm
Omvishwa Grains Private Limited (OVG) was incorporated as a private limited company in February 2017 and the company is currently being managed by Mr. Raghbir Chand, Mr. Dharam Pal, and Mr. Ved Prakash. OVG is established with an aim to set up a manufacturing facility at Kaithal, Haryana for processing of paddy with an installed capacity of processing 50,000 tonnes of paddy per annum as on November 24, 2017. The commercial operations of the company commenced in October, 2017.

Brief Financials (Rs. crore)	31-03-2018	31-03-2019
	A	A
Total operating income	27.46	87.50
PBILDT	0.73	1.52
PAT	0.01	0.07
Overall gearing (times)	5.83	3.75
Interest coverage (times)	2.42	2.11

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	-	-	March-2025	2.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	4.50	CARE B; Stable; 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	2.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (06-Feb-19)	1)CARE B; Stable (04-Dec-17)
2.	Fund-based - LT-Cash Credit	LT	4.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (06-Feb-19)	1)CARE B; Stable (04-Dec-17)

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Promax Technologies
April 29, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	4.50	**CARE B+;Stable; /CARE A4; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable; */ A four; ISSUER NOT COOPERATING*)**	**Issuer not cooperating; Revised from CARE BB-; Stable; /CARE A4; Issuer not Cooperating (Double B Minus; Outlook; Stable; /A Four; Issuer not cooperating)Based on best available information**
Short-term Bank Facilities	1.25	**CARE A4; ISSUER NOT COOPERATING* (A Four Issuer not Cooperating)**	**Issuer not cooperating; Based on best available information**
Total Facilities	**5.75 (Rupees Five crore and Seventy five lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 11, 2019, placed the rating of Promax Technologies under the 'issuer non-cooperating' category as Promax Technologies had failed to provide information for monitoring of the rating. PT continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 16, 2020, April 15, 2020, April 14, 2020 and April 13, 2020. 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 ratings.

Detailed description of the key rating drivers

The rating has been revised on account of constitution of the entity being a proprietorship firm.

Key Rating Weaknesses

Constitution of the entity being a proprietorship firm

PTS's constitution as a proprietorship firm has the inherent risk of possibility of withdrawal of the proprietor's capital at the time of personal contingency and firm being dissolved upon the death/insolvency of proprietor. Moreover, proprietorship firms have restricted access to external borrowing as credit worthiness of the proprietor would be the key factor affecting credit decision for the lenders.

Analytical approach: Standalone

Applicable Criteria:

Policy in respect of Non-cooperation by issuer
Criteria on assigning Rating Outlook and Credit Watch
CARE's Policy on Default Recognition
Rating Methodology – Service Sector Companies
Financial ratios – Non-Financial Sector
Criteria for short term instruments

[1]*Complete definitions of the ratings assigned are available at* www.careratings.com *and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

About the firm

Promax Technologies (PTS) was established in 2006 as a proprietorship firm by Mr. Vishal Bhardwaj. The firm is a Registered Electrical Contractor in the State of Haryana, Punjab, Himachal Pradesh, West Bengal & Bihar and is engaged in providing services in the electrical sector. The firm provides EPC services and undertakes contracts for laying of power transmission lines, erection, testing and commissioning of electrification works. PTS undertakes turnkey contracts primarily for Punjab State Power Corporation Limited, Bihar State Power Transmission Company Limited, West Bengal State Power Transmission Company Limited, Haryana Vidyut Parsaran Nigam Limited and Himachal Pradesh Power Transmission Company Limited etc. The firm receives the orders through tenders and bidding process from government institutes. The firm is also engaged into trading of Plain Cement Concrete (PCC) poles and commenced erection of solar power plants from January, 2015 onwards. The firm has a group concern – Promax Engineering, which was established in 2014 as a partnership firm and is engaged in manufacturing of PCC poles.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	5.08	7.03
PBILDT	0.21	0.58
PAT	0.09	0.26
Overall gearing (times)	0.92	1.45
Interest coverage (times)	2.20	1.99

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
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	1.00	CARE B+; 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
Non-fund-based - ST-ILC/FLC	-	-	-	1.25	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT/ ST-Bank Overdraft	-	-	-	3.50	CARE B+; 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

*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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	1.00	CARE B+; 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* (18-Feb-19)	1)CARE BB-; Stable / CARE A4 (13-Oct-17)
2.	Non-fund-based - ST-ILC/FLC	ST	1.25	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (18-Feb-19)	1)CARE A4 (13-Oct-17)
3.	Fund-based - LT/ ST-Bank Overdraft	LT/ST	3.50	CARE B+; 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* (18-Feb-19)	1)CARE BB-; Stable / CARE A4 (13-Oct-17)

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Vee Kay Enterprises

April 29, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	10.55	**CARE B-;Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Revised from CARE B+; Stable; Issuer not Cooperating (Single B Plus; Outlook: Stable; Issuer not Cooperating) Based on best available information
Total Facilities	**10.55 (Rupees Ten crore and fifty five lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 18, 2019, placed the rating of Vee Kay Enterprises under the 'issuer non-cooperating' category as Vee Kay Enterprises had failed to provide information for monitoring of the rating. VKE continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 17, 2020, April 16, 2020, April 15, 2020 and April 14, 2020. 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 ratings.

Detailed description of the key rating drivers

The rating has been revised on account of susceptibility of margins to fluctuation in raw material prices, fragmented and competitive nature of industry and partnership nature of constitution.

Key Rating Weaknesses

Susceptibility of margins to fluctuation in raw material prices

The entities in textile industry are susceptible to fluctuations in raw material prices. The price of raw material, i.e. acrylic fiber is linked to that of crude oil. The general volatility in the crude oil prices also has an impact on the prices of this product.

Fragmented and competitive nature of industry

Organized sector is responsible for nearly 75% of installed capacity of the yarn production and unorganized sector account for rest of the capacity. This leads to highly fragmented industry structure having high level of competition and intense pricing pressures. Further, MMF (Man-made fibre) industry has been going through a lean phase for the last 5 fiscals. However, the domestic economy is on a revival path and is expected to improve going forward. Therefore, in the short to medium term, CARE Ratings expects MMF consumption to remain relatively stable.

Partnership nature of constitution

VKE's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partners' capital at the time of personal contingency and the firm being dissolved upon the death/retirement/insolvency of partners.

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of Non-cooperation by issuer]

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

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

[Criteria on assigning Rating Outlook and Credit Watch]
[CARE's Policy on Default Recognition]
[Rating Methodology – manufacturing companies]
[Financial ratios – Non-Financial Sector]

About the firm

Vee Kay Enterprises (VKE) was established in 1985 as a partnership firm and is currently being managed by Mr Vikas Behal and his brother Mr Vishal Behal sharing profit and loss equally. The entity is engaged in the manufacturing of acrylic yarn at its manufacturing facility located in Ludhiana, Punjab. The firm has an installed capacity of 50.4 tonnes per annum as on March 31, 2017. The product line of the firm comprises of acrylic hosiery yarn. The firm supplies its products to various dealers in Punjab, under the brand name "Vee Kay".

Brief Financials (Rs. crore)	31-03-2016	31-03-2017
	A	
Total operating income	41.84	52.68
PBILDT	2.29	2.24
PAT	0.13	0.11
Overall gearing (times)	3.10	2.77
Interest coverage (times)	1.49	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 - LT-Term Loan	-	-	December, 2020	0.55	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	10.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	0.55	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (18-Feb-19)	1)CARE B+; Stable (06-Dec-17)
2.	Fund-based - LT-Cash Credit	LT	10.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (18-Feb-19)	1)CARE B+; Stable (06-Dec-17)

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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Sai Overseas
April 29, 2020

Ratings

Facilities/Instruments	**Amount (Rs. crore)**	**Ratings[1]**	**Rating Action**
Long-term Bank Facilities	10.60	**CARE B-;Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	4.00	**CARE A4; ISSUER NOT COOPERATING (A Four; ; ISSUER NOT COOPERATING)**	Issuer not cooperating; Based on best available information
Total Facilities	**14.60 (Rupees Fourteen crore and sixty lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 08, 2019, placed the rating of Sai Overseas under the 'issuer non-cooperating' category as Sai Overseas had failed to provide information for monitoring of the rating. SAO continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 17, 2020, April 16, 2020, April 15, 2020 and April 14, 2020. 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 ratings.

Detailed description of the key rating drivers

At the time of last rating on February 08, 2019, the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Exposure to raw material price volatility

The entities in textile industry are susceptible to fluctuations in raw material prices. Cotton (one of the main raw material) being an agricultural product, its demand supply situation depends on various natural conditions like monsoons, drought and floods. It being a product of international importance, its price is very volatile depending on the demand-supply situation in the global markets. The price of other raw material, i.e. acrylic yarn is linked to that of crude oil. The general volatility in the crude oil prices also has an impact on the price of this product. Any sudden spurt in these raw material prices might not be passed on to the end customers, instantly, on account of highly fragmented and competitive nature of the industry, which could lead to decline in profitability margins.

Foreign exchange fluctuation risk

The firm is engaged in manufacturing of textile products and majorly exports to USA , UK and Dubai with income from exports. With initial cash outlay in domestic currency and major chunk of sales realization in foreign currency and in the absence of any hedging mechanism, the firm is exposed to sharp appreciation in the value of rupee against foreign currency which may impact its cash accruals

Constitution of the entity being a partnership firm

SAO constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partner. Moreover, partnership

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[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision of the lenders.

Analytical approach: Standalone
Applicable Criteria:
[Policy in respect of Non-cooperation by issuer]
[Criteria on assigning Rating Outlook and Credit Watch]
[CARE's Policy on Default Recognition]
[Rating Methodology – manufacturing companies]
[Financial ratios – Non-Financial Sector]
[Criteria for Short Term Instruments]

About the firm
Sai Overseas (SAO) is a partnership firm established in March, 2016 by Mr. Rajbir Singh, Siddharth Jaglan and Mrs Kusum Jaglan sharing profit and loss. The firm commenced operations in December, 2016 with partial completion of project. The project got fully completed in November 2017. SAO is engaged in the manufacturing of textile products (mainly home furnishing products) such as carpets , floor rugs , bathmats and towels etc at its manufacturing facility located at Karnal, Haryana. The firm is having one group concern namely Vijay Breeding Farm & Hatcheries which is engaged in poultry farming business since 1994

Brief Financials (Rs. crore)	31-03-2017
	A
Total operating income	0.55
PBILDT	-0.03
PAT	-0.04
Overall gearing (times)	2.18
Interest coverage (times)	-2.16

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	-	-	December, 2024	9.60	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	1.00	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Foreign Bill	-	-	-	4.00	CARE A4; ISSUER NOT COOPERATING*

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Discounting					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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	9.60	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE B-; Stable (22-Nov-17)
2.	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; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE B-; Stable (22-Nov-17)
3.	Fund-based - ST-Foreign Bill Discounting	ST	4.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE A4 (22-Nov-17)

*Issuer did not cooperate; Based on best available information

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SK Overseas
April 29, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	9.56	**CARE B;Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Revised from CARE B+; Stable; Issuer not Cooperating (Single B Plus; Outlook; Stable; Issuer not cooperating)Based on best available information
Total Facilities	**9.56 (Rupees Nine crore and fifty six lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 08, 2019, placed the rating of SK Overseas under the 'issuer non-cooperating' category as SK Overseas had failed to provide information for monitoring of the rating. SKO continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 16, 2020, April 15, 2020, April 14, 2020 and April 13, 2020. 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 ratings.

Detailed description of the key rating drivers

The rating has been revised on account of fragmented and competitive nature of industry and susceptibility to fluctuation in raw material prices and monsoon dependent operations

Key Rating Weaknesses

Fragmented and competitive nature of industry

The commodity nature of the product makes the industry highly fragmented, with numerous players operating in the unorganized sector with very less product differentiation. There are several small scale operators which are not into endto-end processing of rice from paddy, instead they merely complete a small fraction of processing and dispose-off semiprocessed rice to other big rice millers for further processing. Furthermore, the concentration of rice millers around the paddy growing regions makes the business intensely competitive. **Susceptibility to fluctuation in raw material prices and monsoon dependent operations**

Agro-based industry is characterized by its seasonality, as it is dependent on the availability of raw materials, which further varies with different harvesting periods. The price of rice moves in tandem with the prices of paddy. Availability and prices of agro commodities are highly dependent on the climatic conditions. Adverse climatic conditions can affect their availability and leads to volatility in raw material prices. Paddy is the major raw material and the peak paddy procurement season is during November to January during which the company builds up raw material inventory to cater to the processing of rice throughout the year. Since there is a long time lag between raw material procurement and liquidation of inventory, the company is exposed to the risk of adverse price movement resulting in lower realization than expected.

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of Non-cooperation by issuer]

[Criteria on assigning Rating Outlook and Credit Watch]

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[1]*Complete definitions of the ratings assigned are available at* www.careratings.com *and in other CARE publications*

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

CARE's Policy on Default Recognition
Rating Methodology – Wholesale Trading
Financial ratios – Non-Financial Sector

About the firm
SK Overseas (SKO) was established as a partnership firms in 2013 by Mr Krishan Chand, Ms Santosh Kumari and Ms Poonam Bansal. The firm is engaged in milling, processing and trading of basmati and non-basmati rice. The processing unit of the firm is located in Karnal, Haryana. It primarily sells the product in Northern India i.e. Haryana, Himachal, Delhi, Rajasthan and Uttar Pradesh to wholesalers, traders, exporters and government departments.

Brief Financials (Rs. crore)	31-03-2016	31-03-2017
	A	A
Total operating income	12.49	10.69
PBILDT	0.96	0.86
PAT	0.03	0.05
Overall gearing (times)	2.68	2.93
Interest coverage (times)	2.23	2.17

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
Fund-based - LT-Term Loan	-	-	September, 2021	1.06	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	8.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	1.06	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE B+; Stable (28-Dec-17)
2.	Fund-based - LT-Cash Credit	LT	8.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (08-Feb-19)	1)CARE B+; Stable (28-Dec-17)

*Issuer did not cooperate; 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. Investors/market intermediaries/regulators or others are welcome to write to 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.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Shivalik Vyapaar Private Limited
April 29, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	9.00	**CARE C; Stable; ISSUER NOT COOPERATING* (Single C ; Outlook:Stable ISSUER NOT COOPERATING*)**	**"Issuer not cooperating; Based on best available information"**
Total	**9.00 (Rupees Nine Crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 14, 2019, placed the rating(s) of Shivalik Vyapaar Private Limited (SVPL) under the 'Issuer not Cooperating' category as SVPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its rating agreement. SVPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated April 22, 2020. 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(s).

The rating assigned to the bank facilities of SVPL continue to remain constrained on account of fluctuating total operating income along with continuous net and cash losses, weak solvency position and stressed liquidity. The rating, further, continues to remain constrained on account of its presence in competitive and fragmented nature of industry along with vulnerability to fluctuation in raw material prices.
The rating, however, continues to remain favourable on account of experienced management.

Detailed description of the key rating drivers

At the time of last rating on March 14, 2019, the following were the rating strengths and weaknesses

Key Rating Weaknesses

Fluctuating total operating income along with continuous net and cash losses, weak solvency position

Total Oopating Income of SVPL has shown increasing trend over the past three financial years ended FY18 owing to its presence in a competitive industry. During FY18, TOI of the company improved by 32.21% over FY17 due to higher increase in sales of manufactured goods.

PBILDT margin of the company stood comfortable at 9.60% in FY18, improved by 691 bps over FY17 mainly due to decline in consumable stores and power power and fuel expenses. However, the company has registered continuous net loss and cash loss in last three financial years ended FY18 mainly on account of higher depreciation and interest and finance cost.

The capital structure of the company stood leveraged marked by overall gearing at 2.72 times as on March 31, 2018, deteriorated from 2.34 times as on March 31, 2017 mainly on account of continuous losses in the company. However, the repayment of term loan is done by infusion of unsecured loans from the related parties. Further, the debt coverage indicators stood weak with total debt to GCA at 95.64 times in FY18 mainly on account of low gross cash accruals couples with higher debt.

Stressed liquidity position

The company gets the payment from customers around 4-5 months and makes the payment to its suppliers within 5-6 months. The company maintains inventory of 8-8.5months due to higher value addition in the product. Due to higher inventory holding, current ratio of the company stood at 1.20 times whereas quick ratio remained at below unity level at 0.47 times as on March 31, 2018.

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[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

Competitive and fragmented nature of industry along with vulnerability to fluctuation in raw material prices
The company is engaged in the trading of steel and aluminium scrap where many players are operating in the same business with many unorganized players and few organized players. Further, the profitability margins of the company remain lower due to trading nature of operations and its inability to pass on rise in prices to its customers due to highly fragmented and competitive nature of the industry. The prices of scrape have exhibited volatile trend in the past and same volatility is expected to continue in future on account of domestic and international demand scenario.

Key rating strengths
Experienced management
Mr. Rajendra Agrawal, director has wide experience of more than two decade in the auto component industry and looks after overall affairs of the company. He is assisted by his son, Mr. Goldi Agrawal who has experience of 7 years in the auto component industry. Due to longstanding presence in the industry, the promoters of the company have established better relations with customers and suppliers.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology-Manufacturing companies
Financial ratios – Non-Financial Sector

Background of the Company
Indore (Madhya Pradesh) based Shivalik Vyapaar Private Limited (SVPL) was incorporated in 2006 by Mr. Rajendra Agrawal along with his family members. SVPL is engaged in the business of manufacturing of batteries and lead. The manufacturing unit of the company is located around Indore with total installed capacity of 45 lakh batteries and 3250 Metric Ton Per Annum (MTPA) of lead as on March 31, 2017. The company procure raw material from local market. The company markets its product under the brand name of "Copro". SVPL sells its products in Maharashtra, Gujarat, Hyderabad, Delhi, Kolkata and Uttar Pradesh. The company is also engaged in the business of trading of batteries which it procures from local markets.

Brief Financials (Rs. crore)	FY17(A)	FY18 (A)
Total operating income	14.26	18.85
PBILDT	0.38	1.81
PAT	-1.96	-0.66
Overall gearing (times)	2.34	2.72
Interest coverage (times)	0.26	1.15

A:Audited

Status of non-cooperation with previous CRA: CRISIL has conducted the review on the basis of best available information and has classified Shivalik Vyapaar Private Limited as "Not cooperating" vide its press release dated April 21, 2020

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-Cash Credit	-	-	-	9.00	CARE C; Stable; 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	9.00	CARE C; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE C; Stable; ISSUER NOT COOPERATING* (14-Mar-19)	1)CARE C; Stable (24-Jan-18)

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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H.K. Designs (India) LLP
April 29, 2020

Ratings

Facilities	**Amount (Rs. crore)**	**Ratings[1]**	**Rating Action**
Long Term / Short Term Bank Facilities	71.18	**CARE A; Negative (Single A; Outlook: Negative)**	**Rating reaffirmed and outlook revised from stable**
Short Term Bank Facilities	4.00	**CARE A2+ (A two plus)**	**Reaffirmed**
Total Facilities	**75.18 (Rupees seventy five crore and eighteen lakh)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Hari Krishna group comprises of Hari Krishna Exports Private Limited (HKEPL), H.K Designs (India) LLP (HKD), Unity Jewels (UJ) and H.K Jewels Private Limited (HKJ)

The ratings assigned to the bank facilities of Hari Krishna Group continue to derive strength from established track record in Indian CPD (cut & polished diamonds) industry, global presence across major diamond & jewellery markets with domestic presence in both physical and online channels, direct sourcing of rough diamonds from mining companies, substantial growth in total revenues with marginal increase in operating profit margin and moderate debt coverage indicators.

However, these rating strengths are tempered by projected decline in revenue and profitability of the Group in FY20 and FY21 due to the impact of pandemic COVID-19. The rating is further tempered by thin working capital intensive operations, susceptibility of profitability to volatility in the prices of rough diamonds, foreign exchange fluctuations which are mitigated by forward covers and impact of coronavirus on export sales to China. The rating also factors in negative impact of pandemic COVID-19 on CPD industry

CARE takes cognizance of the company applying for moratorium on various working capital facilities with its consortium banks as a COVID relief measure (as permitted by the Reserve Bank of India). It has applied for ad hoc working capital limits from its lenders. The company, however, continues to pay interest on working capital facilities.

<u>Rating Sensitivities</u>

<u>Positive Factors</u>

- Working Capital cycle to be less than 90 days on sustained basis.
- Improvement in the PBILDT margins to 6.00% on sustained basis

<u>Negative Factors</u>

- Decline in current ratio below 1.20 times.
- Gross gearing at more than 1.35 times.
- Net working capital at less than 25% of total current assets.
- Impact of pandemic coronavirus on the total revenue and profitability of the company

Outlook: Negative

The outlook of the company has been revised to negative from stable due to temporary shutdown of processing facilities, disruption in operations across key global diamond markets and an expectation of lower demand of discretionary products in the near to medium term. The COVID-19 related disruptions are expected to impact the overall credit profile of the company (especially debt coverage indicators and working capital turnover) in the near to medium term. Moreover, extension of lockdown beyond the anticipated period, may exert pressure on the company's revenues and profitability and is likely to cause a significant deterioration in its credit profile.

The outlook may be revised to 'Stable' in case of faster than anticipated recovery in demand resulting in sustained improvement in the company's business and financial risk profile

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Detailed description of the key rating drivers
Key Rating Strengths
Extensive experience and long standing track record
Hari Krishna Exports Private Limited (HKEPL) was incorporated in 1992 and is promoted by Mr. Savjibhai D. Dholakia, the chairman of HKEPL and his brothers Shri Ghanshyambhai D. Dholakia, Shri Tulsibhai D. Dholakia and Shri Himmatbhai D. Dholakia. Shri Savjibhai D. Dholakia primarily looks after the strategy for the entire group, while other brothers are involved in production, marketing and overall administration of the company. The company has two diamond processing plants in Sarthana Jakat Naka (Surat) and Icchapur (Gujarat) with employee strength of circa 2000 and 3200, respectively, covering sizeable land area. Additionally, the jewelry division has a manufacturing unit at SEEPZ - Special Economic Zone, Mumbai.
Key promoters have over three decades of experience in Cut and Polished Diamond (CPD) diamond industry. Owing to closely held ownership structure, key decision-making is concentrated with promoters. However, they are well assisted by team of experienced professionals who look into the day-to-day operations of group. Second generation of promoter group (family members of key promoters) have already been inducted into the business and are being trained under mentorship of key promoters for future leadership roles.

Global presence across major diamond & Jewellery markets with domestic presence in both physical and online channels
H. K. Group has long standing relationships with a diversified clientele base across geographies. HKEPL is primarily into export of cut and polished diamonds which constituted around 90% of the sales. During FY19, the major export destinations were USA 35% (PY: 37%), Hong Kong 30% (P.Y: 26%), Israel 11 % (P.Y: 12%).
In its diamond division, HKEPL has the requisite expertise to cut and process a range of rough diamonds across various shapes, sizes, colour and clarity. HKEPL is engaged in processing of carat sizes ranging from 15 cent to 5 carat and above. Majority of the total sales are GIA certified diamonds.
H. K. Group sells branded diamond Jewellery under the brand name 'KISNA' in the Indian market through its group entity HKJ. In FY19, KISNA branded jewellery was sold through more than 450 distributors and 6250 jewellery outlets (retailers) along with various online retailing in India. None of these jewellery outlets are owned by company.
The group draws operational efficiencies from its diverse product profile and varied client base across geographies. H. K. Group has marketing affiliates in Hong Kong, USA and Belgium.
Further, as indicated by management, online sales contribute to more than 40% of the total operating income, while rest is contributed by physical channel.

Sourcing of rough diamonds from world's leading diamond mining companies
H. K. Group is a DTC sight-holder at holding company level i.e. HKEPL. HKEPL is a DTC sight holder and a Rio Tinto Select Diamantaire which enables it in ensuring steady supply of quality rough diamonds. Further, HKEPL is also on the selective list of Alrosa Company Ltd. – Russia-based diamond mining company. The company is also on selective list of Canada-based diamond mining company-Dominion Diamond Corporation. Owing to HKEPL's association with the 4 diamond mining companies, around a quarter of its rough procurement is from the miners directly in FY19. These long-term contracts ensure steady supply of quality rough diamonds to HKEPL and enable it to plan its production schedule with greater degree of certainty as the delivery timing and quality of supply of rough diamonds are well-known in advance to them. Thus, the company can effectively commit to purchase orders from its clients.
H. K. Group's Jewellery division sources the polished diamonds of various shapes and sizes primarily from HKEPL to meet their large carat size CPD demand whereas smaller carat size CPD demand is met from secondary market.

Strong growth in Total Operating Income; marginal increase in operating profit margin
H.K. Group reported consolidated total revenues of Rs.8566.17crore during FY19 i.e. Y-o-Y growth of 15%. The growth was largely driven by around 14% (Y-o-Y) growth in sales realization and around 3% (Y-o-Y) growth in sales volume of cut and polished diamonds (CPD) during the year. The operating profit margin during FY19 witnessed marginal increase of 10 bps to 5.31%.

Improvement in overall gearing with moderate debt coverage
Overall gearing improved to 1.20x as on March 31, 2019 from 1.35x as on March 31, 2018 due to increase in net-worth. The improvement was on account of accretion to reserves during the year. Interest cost in absolute terms was higher which led to marginal moderation in debt coverage indicators during FY19.

Despite improvement, the debt coverage indicators like interest coverage and total debt to GCA continued to remain moderate. PBILDT/ Interest remained almost stable on y-o-y basis at 4.08x during FY19.

Key Rating Weaknesses

Projected decline in revenue in FY20 and FY21

Major export markets for CPD are Hong Kong/China, USA and Europe, where the discretionary spend has gone down sharply due to economic slowdown triggered by COVID-19. Further there has been a disruption of logistics during to lockdown, so that no export sales have taken place during this March and April 2020. There will be slowdown in economic activities during FY21 due to lock down and recessionary economic environment which will result in decline in TOI and profitability margins of the H.K. Group are also expected to contract due to higher fixed cost.

Working capital intensive operations

CPD industry procures roughs from international miners, on advance or cash against delivery basis. The rough diamond suppliers market is oligopolistic in nature, and CPD manufacturers have limited bargaining power. Sorting, cutting, polishing, and GIA accreditation which takes 3 month, and further sales on circa 30 days term leads to around 4 months working capital cycle. The process is extremely labor and technology intensive. This creates substantial working capital requirements which are financed by short term bank borrowings.

Thin profit margins susceptible to volatility in prices of rough diamonds, foreign exchange fluctuations albeit forward covers and strong competition from top players in organized sector of the CPD industry wherein value addition is inherently limited

Indian CPD Industry accounts for every 9 out 10 polished diamonds, manufactured every year. The industry has matured over the last three decades and top CPD manufacturers enjoy direct access to miners, latest technology, and market reports. Increased competition amongst the CPD manufacturers has shrunk operating margins over the last decade.

The rough miners continue to enjoy the oligopolistic status with much bigger balance sheet. Large CPD manufacturers are totally dependent on miners for supply of large amount of rough diamonds, to run their large operations, processing several lakh carats every year. Since no large diamond mines have been discovered in the last few years, no substantial softening of roughs is expected in coming years.

CPD industry requires regular capital investment into state of art technology – Sarine planners, Laser Cutters, Ghanti polishing machines etc. to improve yields, and also innovate to make new designs/ cuts for end users. The thin operating margins, with buying from oligopolistic market, and with substantial investment in technology constrain the long term rating for the Gem & Jewelry sector.

H. K. Group is dependent on imports to meet its requirement of rough diamonds, with the majority of rough diamond purchase being imported. H. K. Group also procures polished diamonds for trading purpose. H. K. Group's profitability margins are susceptible to the price of rough diamonds and CPD which are market driven and volatile in nature.

The Group and HKEPL (standalone) earn 99.5% (PY: 97.40%) and 90% (PY: 87%) of its revenue from exports, respectively, and the same is subject to foreign exchange fluctuations. H. K. Group enjoys natural hedge on most of its foreign exchange exposure. H. K. Group is exposed to foreign currency fluctuation risk with respect to receivables and payables in foreign currency. H. K. Group, uses forward contracts to hedge its net exposure at any point in time.

During FY19, for HKEPL total income in foreign currency was Rs.7324.02 crore (Rs.6101.84 in FY18) while imports amounted to Rs.6535.84 in FY19 (Rs.5333.70 crore in FY18), to this extent the group enjoyed the natural hedge, while rest on net basis is covered through forward covers.

Moratorium on working capital

Hari Krishna Group has not availed the moratorium of interest on working capital loans from its relationship banks till date. The company has applied for a moratorium of 90 days on both the pre-shipment credit (PCFC) and post shipment credit (Export Bills). The company has also applied for ad-hoc working capital limits from its consortium banks which are capped at 10% of the total consortium limits.

Impact of Pandemic COVID-19 on CPD industry

Unprecedented measures taken by India as well as key global markets to control the spread of the novel corona virus (COVID-19) pandemic has significantly impacted the entire diamond value chain with forced unit shutdowns. While marginal relaxations have been given by the government, the duration of lockdown related restrictions and its overall impact on the industry remains a key monitorable. CARE believes that despite these marginal relaxations to resume commercial operations, the extension of lockdown beyond the anticipated period to control the spread, may exert pressure on the company's revenues and profitability in the near to medium term.

Liquidity: Adequate
Adequate liquidity characterized by satisfactory current ratio, which stood at 1.37x on March 31, 2019. HKEPL's average utilization of bank limits for the past 12 months ending February 2019 was 81%. Moreover, average utilization for past 12 months ending December 2019, of HKJ, HKD and UJ was 77%, 95% and 81%, respectively. This reflects that there is head room available in the bank limits to support fresh business opportunities. Furthermore, the CFO for the Group stood at Rs.164 crore during FY19, and the free cash & bank balance stood at around Rs.10 crore, as on March 31, 2019.

Analytical approach: Consolidated

Applicable Criteria
Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings
CARE's Policy on Default Recognition
Short-term Instruments
Financial ratios – Non-Financial Sector
CARE's methodology for manufacturing companies
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Rating Methodology: Cut & Polished Diamond (CPD) Industry

Background
About H.K Group
Hari Krishna Group (H. K. Group) comprises of HKEPL (flagship entity and holding company), H. K. Jewels Private Limited (HKJ), H. K. Designs (India) LLP (HKD) and Unity Jewels (UJ) (Partnership firm). The Group is promoted by Shri Savji D. Dholakia and his brothers Shri Ghanshyam D. Dholakia, Shri Tulsi D. Dholakia and Shri Himmat D. Dholakia. H. K. Group is primarily engaged in the Cutting and Polishing of rough diamonds (CPDs) and manufacturing and wholesale sales of plain gold and diamond studded jewellery via group entities. H. K. Group markets its product under brand name 'Kisna'. Group operates with two manufacturing facilities located in Mumbai and Surat. Products processed and manufactured are exported to countries like Hong Kong, Israel, USA, Belgium, UAE, Thailand, China, Japan and UK.

Brief Financials – Consolidated (Rs.crore)	FY18 (A)	FY19(A)
Total operating income	7424.86	8566.17
PBILDT	386.81	454.88
PAT	160.58	204.58
Overall gearing (times)	1.35	1.20
Interest coverage (times)	4.17	4.08

About HKD
HKD was originally established as H.K. Jewels in 2004. In September 2005, the firm changed its name to H.K Design. HKD converted its constitution from partnership firm to limited liability partnership on July 2017. HKEPL holds 51% of shareholding remaining is owned by promoters Mr. Savji D. Dholakia and Mr. Ghanshyam D. Dholakia. HKD is engaged in manufacturing of diamond-studded jewellery for exports from its manufacturing facilities located at SEEPZ, Andheri (Mumbai). HKD's product profile include wide range of diamond studded Jewellery in gold, silver and platinum including rings, pendants, necklace, bracelet, earrings, bangles etc. HKD exports its products to various countries across geographies include USA, Hong Kong, UK, Australia, Poland, Mexico, Norway, Italy, France, Canada etc.

Brief Financials - Standalone (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	270	184
PBILDT	31	16
PAT	17	5
Overall gearing (times)	0.87	0.74
Interest coverage (times)	6.00	2.76

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/ ST-Packing Credit in Indian rupee	-	-	-	71.18	CARE A; Negative / CARE A2+
Non-fund-based-Short Term	-	-	-	4.00	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT/ ST-Packing Credit in Indian rupee	LT/ST	71.18	CARE A; Negative / CARE A2+	-	1)CARE A; Stable / CARE A2+ (19-Feb-20)	1)CARE A; Stable / CARE A2+ (11-Mar-19)	1)CARE A; Stable / CARE A2+ (29-Dec-17)
2.	Non-fund-based-Short Term	ST	4.00	CARE A2+	-	1)CARE A2+ (19-Feb-20)	1)CARE A2+ (11-Mar-19)	1)CARE A2+ (29-Dec-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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:
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Unity Jewels
April 29, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank facilities	20.00	**CARE A; Negative (Single A; Outlook: Negative)**	**Rating reaffirmed and outlook revised from stable**
Total Facilities	**20.00 (Rupees Twenty crore)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Hari Krishna group comprises of Hari Krishna Exports Private Limited (HKEPL), H.K Designs (India) LLP (HKD), Unity Jewels (UJ) and H.K Jewels Private Limited (HKJ)

The ratings assigned to the bank facilities of Hari Krishna Group continue to derive strength from established track record in Indian CPD (cut & polished diamonds) industry, global presence across major diamond & jewellery markets with domestic presence in both physical and online channels, direct sourcing of rough diamonds from mining companies, substantial growth in total revenues with marginal increase in operating profit margin and moderate debt coverage indicators.

However, these rating strengths are tempered by projected decline in revenue and profitability of the Group in FY20 and FY21 due to the impact of pandemic COVID-19. The rating is further tempered by thin working capital intensive operations, susceptibility of profitability to volatility in the prices of rough diamonds, foreign exchange fluctuations which are mitigated by forward covers and impact of coronavirus on export sales to China. The rating also factors in negative impact of pandemic COVID-19 on CPD industry

CARE takes cognizance of the company applying for moratorium on various working capital facilities with its consortium banks as a COVID relief measure (as permitted by the Reserve Bank of India). It has applied for ad hoc working capital limits from its lenders. The company, however, continues to pay interest on working capital facilities.

Rating Sensitivities

Positive Factors

- Working Capital cycle to be less than 90 days on sustained basis.
- Improvement in the PBILDT margins to 6.00% on sustained basis

Negative Factors

- Decline in current ratio below 1.20 times.
- Gross gearing at more than 1.35 times.
- Net working capital at less than 25% of total current assets.
- Impact of pandemic coronavirus on the total revenue and profitability of the company

Outlook: Negative

The outlook of the company has been revised to negative from stable due to temporary shutdown of processing facilities, disruption in operations across key global diamond markets and an expectation of lower demand of discretionary products in the near to medium term. The COVID-19 related disruptions are expected to impact the overall credit profile of the company (especially debt coverage indicators and working capital turnover) in the near to medium term. Moreover, extension of lockdown beyond the anticipated period, may exert pressure on the company's revenues and profitability and is likely to cause a significant deterioration in its credit profile.

The outlook may be revised to 'Stable' in case of faster than anticipated recovery in demand resulting in sustained improvement in the company's business and financial risk profile

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[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Detailed description of the key rating drivers
Key Rating Strengths
Extensive experience and long standing track record
Hari Krishna Exports Private Limited (HKEPL) was incorporated in 1992 and is promoted by Mr. Savjibhai D. Dholakia, the chairman of HKEPL and his brothers Shri Ghanshyambhai D. Dholakia, Shri Tulsibhai D. Dholakia and Shri Himmatbhai D. Dholakia. Shri Savjibhai D. Dholakia primarily looks after the strategy for the entire group, while other brothers are involved in production, marketing and overall administration of the company. The company has two diamond processing plants in Sarthana Jakat Naka (Surat) and Icchapur (Gujarat) with employee strength of circa 2000 and 3200, respectively, covering sizeable land area. Additionally, the jewelry division has a manufacturing unit at SEEPZ - Special Economic Zone, Mumbai.
Key promoters have over three decades of experience in Cut and Polished Diamond (CPD) diamond industry. Owing to closely held ownership structure, key decision-making is concentrated with promoters. However, they are well assisted by team of experienced professionals who look into the day-to-day operations of group. Second generation of promoter group (family members of key promoters) have already been inducted into the business and are being trained under mentorship of key promoters for future leadership roles.

Global presence across major diamond & Jewellery markets with domestic presence in both physical and online channels
H. K. Group has long standing relationships with a diversified clientele base across geographies. HKEPL is primarily into export of cut and polished diamonds which constituted around 90% of the sales. During FY19, the major export destinations were USA 35% (PY: 37%), Hong Kong 30% (P.Y: 26%), Israel 11 % (P.Y: 12%).
In its diamond division, HKEPL has the requisite expertise to cut and process a range of rough diamonds across various shapes, sizes, colour and clarity. HKEPL is engaged in processing of carat sizes ranging from 15 cent to 5 carat and above. Majority of the total sales are GIA certified diamonds.
H. K. Group sells branded diamond Jewellery under the brand name 'KISNA' in the Indian market through its group entity HKJ. In FY19, KISNA branded jewellery was sold through more than 450 distributors and 6250 jewellery outlets (retailers) along with various online retailing in India. None of these jewellery outlets are owned by company.
The group draws operational efficiencies from its diverse product profile and varied client base across geographies. H. K. Group has marketing affiliates in Hong Kong, USA and Belgium.
Further, as indicated by management, online sales contribute to more than 40% of the total operating income, while rest is contributed by physical channel.

Sourcing of rough diamonds from world's leading diamond mining companies
H. K. Group is a DTC sight-holder at holding company level i.e. HKEPL. HKEPL is a DTC sight holder and a Rio Tinto Select Diamantaire which enables it in ensuring steady supply of quality rough diamonds. Further, HKEPL is also on the selective list of Alrosa Company Ltd. – Russia-based diamond mining company. The company is also on selective list of Canada-based diamond mining company-Dominion Diamond Corporation. Owing to HKEPL's association with the 4 diamond mining companies, around a quarter of its rough procurement is from the miners directly in FY19. These long-term contracts ensure steady supply of quality rough diamonds to HKEPL and enable it to plan its production schedule with greater degree of certainty as the delivery timing and quality of supply of rough diamonds are well-known in advance to them. Thus, the company can effectively commit to purchase orders from its clients.
H. K. Group's Jewellery division sources the polished diamonds of various shapes and sizes primarily from HKEPL to meet their large carat size CPD demand whereas smaller carat size CPD demand is met from secondary market.

Strong growth in Total Operating Income; marginal increase in operating profit margin
H.K. Group reported consolidated total revenues of Rs.8566.17crore during FY19 i.e. Y-o-Y growth of 15%. The growth was largely driven by around 14% (Y-o-Y) growth in sales realization and around 3% (Y-o-Y) growth in sales volume of cut and polished diamonds (CPD) during the year. The operating profit margin during FY19 witnessed marginal increase of 10 bps to 5.31%.

Improvement in overall gearing with moderate debt coverage
Overall gearing improved to 1.20x as on March 31, 2019 from 1.35x as on March 31, 2018 due to increase in net-worth. The improvement was on account of accretion to reserves during the year. Interest cost in absolute terms was higher which led to marginal moderation in debt coverage indicators during FY19.

Despite improvement, the debt coverage indicators like interest coverage and total debt to GCA continued to remain moderate. PBILDT/ Interest remained almost stable on y-o-y basis at 4.08x during FY19.

Key Rating Weaknesses

Projected decline in revenue in FY20 and FY21

Major export markets for CPD are Hong Kong/China, USA and Europe, where the discretionary spend has gone down sharply due to economic slowdown triggered by COVID-19. Further there has been a disruption of logistics during to lockdown, so that no export sales have taken place during this March and April 2020. There will be slowdown in economic activities during FY21 due to lock down and recessionary economic environment which will result in decline in TOI and profitability margins of the H.K. Group are also expected to contract due to higher fixed cost.

Working capital intensive operations

CPD industry procures roughs from international miners, on advance or cash against delivery basis. The rough diamond suppliers market is oligopolistic in nature, and CPD manufacturers have limited bargaining power. Sorting, cutting, polishing, and GIA accreditation which takes 3 month, and further sales on circa 30 days term leads to around 4 months working capital cycle. The process is extremely labor and technology intensive. This creates substantial working capital requirements which are financed by short term bank borrowings.

Thin profit margins susceptible to volatility in prices of rough diamonds, foreign exchange fluctuations albeit forward covers and strong competition from top players in organized sector of the CPD industry wherein value addition is inherently limited

Indian CPD Industry accounts for every 9 out 10 polished diamonds, manufactured every year. The industry has matured over the last three decades and top CPD manufacturers enjoy direct access to miners, latest technology, and market reports. Increased competition amongst the CPD manufacturers has shrunk operating margins over the last decade.

The rough miners continue to enjoy the oligopolistic status with much bigger balance sheet. Large CPD manufacturers are totally dependent on miners for supply of large amount of rough diamonds, to run their large operations, processing several lakh carats every year. Since no large diamond mines have been discovered in the last few years, no substantial softening of roughs is expected in coming years.

CPD industry requires regular capital investment into state of art technology – Sarine planners, Laser Cutters, Ghanti polishing machines etc. to improve yields, and also innovate to make new designs/ cuts for end users. The thin operating margins, with buying from oligopolistic market, and with substantial investment in technology constrain the long term rating for the Gem & Jewelry sector.

H. K. Group is dependent on imports to meet its requirement of rough diamonds, with the majority of rough diamond purchase being imported. H. K. Group also procures polished diamonds for trading purpose. H. K. Group's profitability margins are susceptible to the price of rough diamonds and CPD which are market driven and volatile in nature.

The Group and HKEPL (standalone) earn 99.5% (PY: 97.40%) and 90% (PY: 87%) of its revenue from exports, respectively, and the same is subject to foreign exchange fluctuations. H. K. Group enjoys natural hedge on most of its foreign exchange exposure. H. K. Group is exposed to foreign currency fluctuation risk with respect to receivables and payables in foreign currency. H. K. Group, uses forward contracts to hedge its net exposure at any point in time.

During FY19, for HKEPL total income in foreign currency was Rs.7324.02 crore (Rs.6101.84 in FY18) while imports amounted to Rs.6535.84 in FY19 (Rs.5333.70 crore in FY18), to this extent the group enjoyed the natural hedge, while rest on net basis is covered through forward covers.

Moratorium on working capital

Hari Krishna Group has not availed the moratorium of interest on working capital loans from its relationship banks till date. The company has applied for a moratorium of 90 days on both the pre-shipment credit (PCFC) and post shipment credit (Export Bills). The company has also applied for ad-hoc working capital limits from its consortium banks which are capped at 10% of the total consortium limits.

Impact of Pandemic COVID-19 on CPD industry

Unprecedented measures taken by India as well as key global markets to control the spread of the novel corona virus (COVID-19) pandemic has significantly impacted the entire diamond value chain with forced unit shutdowns. While marginal relaxations have been given by the government, the duration of lockdown related restrictions and its overall impact on the industry remains a key monitorable. CARE believes that despite these marginal relaxations to resume commercial operations, the extension of lockdown beyond the anticipated period to control the spread, may exert pressure on the company's revenues and profitability in the near to medium term.

Liquidity: Adequate
Adequate liquidity characterized by satisfactory current ratio, which stood at 1.37x on March 31, 2019. HKEPL's average utilization of bank limits for the past 12 months ending February 2019 was 81%. Moreover, average utilization for past 12 months ending December 2019, of HKJ, HKD and UJ was 77%, 95% and 81%, respectively. This reflects that there is head room available in the bank limits to support fresh business opportunities. Furthermore, the CFO for the Group stood at Rs.164 crore during FY19, and the free cash & bank balance stood at around Rs.10 crore, as on March 31, 2019.

Analytical approach: Consolidated

Applicable Criteria
Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings
CARE's Policy on Default Recognition
Short-term Instruments
Financial ratios – Non-Financial Sector
CARE's methodology for manufacturing companies
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Rating Methodology: Cut & Polished Diamond (CPD) Industry

Background
About H.K Group
Hari Krishna Group (H. K. Group) comprises of HKEPL (flagship entity and holding company), H. K. Jewels Private Limited (HKJ), H. K. Designs (India) LLP (HKD) and Unity Jewels (UJ) (Partnership firm). The Group is promoted by Shri Savji D. Dholakia and his brothers Shri Ghanshyam D. Dholakia, Shri Tulsi D. Dholakia and Shri Himmat D. Dholakia. H. K. Group is primarily engaged in the Cutting and Polishing of rough diamonds (CPDs) and manufacturing and wholesale sales of plain gold and diamond studded jewellery via group entities. H. K. Group markets its product under brand name 'Kisna'. Group operates with two manufacturing facilities located in Mumbai and Surat. Products processed and manufactured are exported to countries like Hong Kong, Israel, USA, Belgium, UAE, Thailand, China, Japan and UK.

Brief Financials – Consolidated (Rs.crore)	FY18 (A)	FY19(A)
Total operating income	7424.86	8566.17
PBILDT	386.81	454.88
PAT	160.58	204.58
Overall gearing (times)	1.35	1.20
Interest coverage (times)	4.17	4.08

About UJ
Unity Jewels (UJ) was established as partnership firm in June 2010 and commenced commercial operation in January 2013. HKEPL holds 26% of shareholding remaining is owned by promoters Mr. Savji D. Dholakia and Mr. Ghanshyam D. Dholakia. UJ is engaged in the manufacturing of diamond studded Jewellery for exports from its manufacturing facilities located at SEEPZ, Andheri (Mumbai). The product profile at UJ comprises a wide range of diamond studded Jewellery in gold, silver and platinum including rings, pendants, necklace, bracelet, earrings, bangles etc.

Brief Financials - Standalone (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	94.39	179.39
PBILDT	11.30	20.21
PAT	7.04	14.29
Overall gearing (times)	0.67	0.34
Interest coverage (times)	6.29	11.10

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-EPC/PSC	-	-	-	6.00	CARE A; Negative
Fund-based - LT-EPC/PSC	-	-	-	11.00	CARE A; Negative
Fund-based - LT-Stand by Limits	-	-	-	3.00	CARE A; Negative

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-EPC/PSC	LT	6.00	CARE A; Negative	-	1)CARE A; Stable (19-Feb-20)	1)CARE A; Stable (11-Mar-19)	1)CARE A; Stable (29-Dec-17)
2.	Fund-based - LT-EPC/PSC	LT	11.00	CARE A; Negative	-	1)CARE A; Stable (19-Feb-20)	1)CARE A; Stable (11-Mar-19)	1)CARE A; Stable (29-Dec-17)
3.	Fund-based - LT-Stand by Limits	LT	3.00	CARE A; Negative	-	1)CARE A; Stable (19-Feb-20)	1)CARE A; Stable (11-Mar-19)	1)CARE A; Stable (29-Dec-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. Investors/market intermediaries/regulators or others are welcome to write to 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.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

H.K. Jewels Private Limited
April 29, 2020

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Long-term Bank Facilities	25.00	**CARE A; Negative (Single A; Outlook: Negative)**	**Rating reaffirmed and outlook revised from stable**
Total facilities	**25.00 (Rupees Twenty Five crore)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Hari Krishna group comprises of Hari Krishna Exports Private Limited (HKEPL), H.K Designs (India) LLP (HKD), Unity Jewels (UJ) and H.K Jewels Private Limited (HKJ)

The ratings assigned to the bank facilities of Hari Krishna Group continue to derive strength from established track record in Indian CPD (cut & polished diamonds) industry, global presence across major diamond & jewellery markets with domestic presence in both physical and online channels, direct sourcing of rough diamonds from mining companies, substantial growth in total revenues with marginal increase in operating profit margin and moderate debt coverage indicators.

However, these rating strengths are tempered by projected decline in revenue and profitability of the Group in FY20 and FY21 due to the impact of pandemic COVID-19. The rating is further tempered by thin working capital intensive operations, susceptibility of profitability to volatility in the prices of rough diamonds, foreign exchange fluctuations which are mitigated by forward covers and impact of coronavirus on export sales to China. The rating also factors in negative impact of pandemic COVID-19 on CPD industry

CARE takes cognizance of the company applying for moratorium on various working capital facilities with its consortium banks as a COVID relief measure (as permitted by the Reserve Bank of India). It has applied for ad hoc working capital limits from its lenders. The company, however, continues to pay interest on working capital facilities.

Rating Sensitivities

Positive Factors

- Working Capital cycle to be less than 90 days on sustained basis.
- Improvement in the PBILDT margins to 6.00% on sustained basis

Negative Factors

- Decline in current ratio below 1.20 times.
- Gross gearing at more than 1.35 times.
- Net working capital at less than 25% of total current assets.
- Impact of pandemic coronavirus on the total revenue and profitability of the company

Outlook: Negative

The outlook of the company has been revised to negative from stable due to temporary shutdown of processing facilities, disruption in operations across key global diamond markets and an expectation of lower demand of discretionary products in the near to medium term. The COVID-19 related disruptions are expected to impact the overall credit profile of the company (especially debt coverage indicators and working capital turnover) in the near to medium term. Moreover, extension of lockdown beyond the anticipated period, may exert pressure on the company's revenues and profitability and is likely to cause a significant deterioration in its credit profile.

The outlook may be revised to 'Stable' in case of faster than anticipated recovery in demand resulting in sustained improvement in the company's business and financial risk profile

Detailed description of the key rating drivers

Key Rating Strengths

Extensive experience and long standing track record

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

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Key promoters have over three decades of experience in Cut and Polished Diamond (CPD) diamond industry. Owing to closely held ownership structure, key decision-making is concentrated with promoters. However, they are well assisted by team of experienced professionals who look into the day-to-day operations of group. Second generation of promoter group (family members of key promoters) have already been inducted into the business and are being trained under mentorship of key promoters for future leadership roles.

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The group draws operational efficiencies from its diverse product profile and varied client base across geographies. H. K. Group has marketing affiliates in Hong Kong, USA and Belgium.
Further, as indicated by management, online sales contribute to more than 40% of the total operating income, while rest is contributed by physical channel.

Sourcing of rough diamonds from world's leading diamond mining companies
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H.K. Group reported consolidated total revenues of Rs.8566.17crore during FY19 i.e. Y-o-Y growth of 15%. The growth was largely driven by around 14% (Y-o-Y) growth in sales realization and around 3% (Y-o-Y) growth in sales volume of cut and polished diamonds (CPD) during the year. The operating profit margin during FY19 witnessed marginal increase of 10 bps to 5.31%.

Improvement in overall gearing with moderate debt coverage
Overall gearing improved to 1.20x as on March 31, 2019 from 1.35x as on March 31, 2018 due to increase in net-worth. The improvement was on account of accretion to reserves during the year. Interest cost in absolute terms was higher which led to marginal moderation in debt coverage indicators during FY19.
Despite improvement, the debt coverage indicators like interest coverage and total debt to GCA continued to remain moderate. PBILDT/ Interest remained almost stable on y-o-y basis at 4.08x during FY19.

Key Rating Weaknesses

Projected decline in revenue in FY20 and FY21

Major export markets for CPD are Hong Kong/China, USA and Europe, where the discretionary spend has gone down sharply due to economic slowdown triggered by COVID-19. Further there has been a disruption of logistics during to lockdown, so that no export sales have taken place during this March and April 2020. There will be slowdown in economic activities during FY21 due to lock down and recessionary economic environment which will result in decline in TOI and profitability margins of the H.K. Group are also expected to contract due to higher fixed cost.

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Thin profit margins susceptible to volatility in prices of rough diamonds, foreign exchange fluctuations albeit forward covers and strong competition from top players in organized sector of the CPD industry wherein value addition is inherently limited

Indian CPD Industry accounts for every 9 out 10 polished diamonds, manufactured every year. The industry has matured over the last three decades and top CPD manufacturers enjoy direct access to miners, latest technology, and market reports. Increased competition amongst the CPD manufacturers has shrunk operating margins over the last decade.

The rough miners continue to enjoy the oligopolistic status with much bigger balance sheet. Large CPD manufacturers are totally dependent on miners for supply of large amount of rough diamonds, to run their large operations, processing several lakh carats every year. Since no large diamond mines have been discovered in the last few years, no substantial softening of roughs is expected in coming years.

CPD industry requires regular capital investment into state of art technology – Sarine planners, Laser Cutters, Ghanti polishing machines etc. to improve yields, and also innovate to make new designs/ cuts for end users. The thin operating margins, with buying from oligopolistic market, and with substantial investment in technology constrain the long term rating for the Gem & Jewelry sector.

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The Group and HKEPL (standalone) earn 99.5% (PY: 97.40%) and 90% (PY: 87%) of its revenue from exports, respectively, and the same is subject to foreign exchange fluctuations. H. K. Group enjoys natural hedge on most of its foreign exchange exposure. H. K. Group is exposed to foreign currency fluctuation risk with respect to receivables and payables in foreign currency. H. K. Group, uses forward contracts to hedge its net exposure at any point in time.

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Hari Krishna Group has not availed the moratorium of interest on working capital loans from its relationship banks till date. The company has applied for a moratorium of 90 days on both the pre-shipment credit (PCFC) and post shipment credit (Export Bills). The company has also applied for ad-hoc working capital limits from its consortium banks which are capped at 10% of the total consortium limits.

Impact of Pandemic COVID-19 on CPD industry

Unprecedented measures taken by India as well as key global markets to control the spread of the novel corona virus (COVID-19) pandemic has significantly impacted the entire diamond value chain with forced unit shutdowns. While marginal relaxations have been given by the government, the duration of lockdown related restrictions and its overall impact on the industry remains a key monitorable. CARE believes that despite these marginal relaxations to resume commercial operations, the extension of lockdown beyond the anticipated period to control the spread, may exert pressure on the company's revenues and profitability in the near to medium term.

Liquidity: Adequate
Adequate liquidity characterized by satisfactory current ratio, which stood at 1.37x on March 31, 2019. HKEPL's average utilization of bank limits for the past 12 months ending February 2019 was 81%. Moreover, average utilization for past 12 months ending December 2019, of HKJ, HKD and UJ was 77%, 95% and 81%, respectively. This reflects that there is head room available in the bank limits to support fresh business opportunities. Furthermore, the CFO for the Group stood at Rs.164 crore during FY19, and the free cash & bank balance stood at around Rs.10 crore, as on March 31, 2019.

Analytical approach: Consolidated

Applicable Criteria
Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings
CARE's Policy on Default Recognition
Short-term Instruments
Financial ratios – Non-Financial Sector
CARE's methodology for manufacturing companies
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Rating Methodology: Cut & Polished Diamond (CPD) Industry

Background
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Brief Financials – Consolidated (Rs.crore)	FY18 (A)	FY19(A)
Total operating income	7424.86	8566.17
PBILDT	386.81	454.88
PAT	160.58	204.58
Overall gearing (times)	1.35	1.20
Interest coverage (times)	4.17	4.08

About HKJ
HKJ was established in June 2009 as a private limited entity. HKJ was established to cater to domestic diamond studded jewellery market, however, HKJ also exports to other countries such as UAE, USA and Hong Kong. HKJ is promoted by Mr. Savji Bhai Dholakia, Mr. Rajesh Himmat Dholakia and Mr. Ghanshyambhai Dholakia. HKJ is engaged in the manufacturing plain gold and diamond studded gold jewellery under the brand name 'KISNA'. 'KISNA' has more than 450 distributors across 22 states and 400 cities across India. Besides, it has also undertaken manufacturing of plain and diamond studded gold jewellery for customers on job work basis. The product profile at HKJ comprises a wide range of plain and diamond studded Jewellery in gold, silver and platinum including rings, pendants, necklace, bracelet, earrings, bangles etc.

Brief Financials - Standalone (Rs. crore)	FY18 (A)	FY19(A)
Total operating income	259.45	262.52
PBILDT	14.67	21.76
PAT	8.35	12.83
Overall gearing (times)	0.79	1.04
Interest coverage (times)	54.40	19.57

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	-	-	-	25.00	CARE A; Negative

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	25.00	CARE A; Negative	-	1)CARE A; Stable (19-Feb-20)	1)CARE A; Stable (11-Mar-19)	-

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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Hari Krishna Exports Private Limited
April 29, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long Term Bank Facilities	1577.90	**CARE A; Negative (Single A; Outlook: Negative)**	**Rating reaffirmed and outlook revised from stable**
Short Term Bank Facilities	48.99	**CARE A2+ (A two plus)**	**Reaffirmed**
Total	**1626.89 (Rupees One thousand six hundred twenty six crore and eighty nine lakh)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Hari Krishna group comprises of Hari Krishna Exports Private Limited (HKEPL), H.K Designs (India) LLP (HKD), Unity Jewels (UJ) and H.K Jewels Private Limited (HKJ)

The ratings assigned to the bank facilities of Hari Krishna Group continue to derive strength from established track record in Indian CPD (cut & polished diamonds) industry, global presence across major diamond & jewellery markets with domestic presence in both physical and online channels, direct sourcing of rough diamonds from mining companies, substantial growth in total revenues with marginal increase in operating profit margin and moderate debt coverage indicators.

However, these rating strengths are tempered by projected decline in revenue and profitability of the Group in FY20 and FY21 due to the impact of pandemic COVID-19. The rating is further tempered by thin working capital intensive operations, susceptibility of profitability to volatility in the prices of rough diamonds, foreign exchange fluctuations which are mitigated by forward covers and impact of coronavirus on export sales to China. The rating also factors in negative impact of pandemic COVID-19 on CPD industry

CARE takes cognizance of the company applying for moratorium on various working capital facilities with its consortium banks as a COVID relief measure (as permitted by the Reserve Bank of India). It has applied for ad hoc working capital limits from its lenders. The company, however, continues to pay interest on working capital facilities.

Rating Sensitivities

Positive Factors

- Working Capital cycle to be less than 90 days on sustained basis.
- Improvement in the PBILDT margins to 6.00% on sustained basis

Negative Factors

- Decline in current ratio below 1.20 times.
- Gross gearing at more than 1.35 times.
- Net working capital at less than 25% of total current assets.
- Impact of pandemic coronavirus on the total revenue and profitability of the company

Outlook: Negative

The outlook of the company has been revised to negative from stable due to temporary shutdown of processing facilities, disruption in operations across key global diamond markets and an expectation of lower demand of discretionary products in the near to medium term. The COVID-19 related disruptions are expected to impact the overall credit profile of the company (especially debt coverage indicators and working capital turnover) in the near to medium term. Moreover, extension of lockdown beyond the anticipated period, may exert pressure on the company's revenues and profitability and is likely to cause a significant deterioration in its credit profile.

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[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

The outlook may be revised to 'Stable' in case of faster than anticipated recovery in demand resulting in sustained improvement in the company's business and financial risk profile

Detailed description of the key rating drivers
Key Rating Strengths
Extensive experience and long standing track record
Hari Krishna Exports Private Limited (HKEPL) was incorporated in 1992 and is promoted by Mr. Savjibhai D. Dholakia, the chairman of HKEPL and his brothers Shri Ghanshyambhai D. Dholakia, Shri Tulsibhai D. Dholakia and Shri Himmatbhai D. Dholakia. Shri Savjibhai D. Dholakia primarily looks after the strategy for the entire group, while other brothers are involved in production, marketing and overall administration of the company. The company has two diamond processing plants in Sarthana Jakat Naka (Surat) and Icchapur (Gujarat) with employee strength of circa 2000 and 3200, respectively, covering sizeable land area. Additionally, the jewelry division has a manufacturing unit at SEEPZ - Special Economic Zone, Mumbai.
Key promoters have over three decades of experience in Cut and Polished Diamond (CPD) diamond industry. Owing to closely held ownership structure, key decision-making is concentrated with promoters. However, they are well assisted by team of experienced professionals who look into the day-to-day operations of group. Second generation of promoter group (family members of key promoters) have already been inducted into the business and are being trained under mentorship of key promoters for future leadership roles.

Global presence across major diamond & Jewellery markets with domestic presence in both physical and online channels
H. K. Group has long standing relationships with a diversified clientele base across geographies. HKEPL is primarily into export of cut and polished diamonds which constituted around 90% of the sales. During FY19, the major export destinations were USA 35% (PY: 37%), Hong Kong 30% (P.Y: 26%), Israel 11 % (P.Y: 12%).
In its diamond division, HKEPL has the requisite expertise to cut and process a range of rough diamonds across various shapes, sizes, colour and clarity. HKEPL is engaged in processing of carat sizes ranging from 15 cent to 5 carat and above. Majority of the total sales are GIA certified diamonds.
H. K. Group sells branded diamond Jewellery under the brand name 'KISNA' in the Indian market through its group entity HKJ. In FY19, KISNA branded jewellery was sold through more than 450 distributors and 6250 jewellery outlets (retailers) along with various online retailing in India. None of these jewellery outlets are owned by company.
The group draws operational efficiencies from its diverse product profile and varied client base across geographies. H. K. Group has marketing affiliates in Hong Kong, USA and Belgium.
Further, as indicated by management, online sales contribute to more than 40% of the total operating income, while rest is contributed by physical channel.

Sourcing of rough diamonds from world's leading diamond mining companies
H. K. Group is a DTC sight-holder at holding company level i.e. HKEPL. HKEPL is a DTC sight holder and a Rio Tinto Select Diamantaire which enables it in ensuring steady supply of quality rough diamonds. Further, HKEPL is also on the selective list of Alrosa Company Ltd. – Russia-based diamond mining company. The company is also on selective list of Canada-based diamond mining company-Dominion Diamond Corporation. Owing to HKEPL's association with the 4 diamond mining companies, around a quarter of its rough procurement is from the miners directly in FY19. These long-term contracts ensure steady supply of quality rough diamonds to HKEPL and enable it to plan its production schedule with greater degree of certainty as the delivery timing and quality of supply of rough diamonds are well-known in advance to them. Thus, the company can effectively commit to purchase orders from its clients.
H. K. Group's Jewellery division sources the polished diamonds of various shapes and sizes primarily from HKEPL to meet their large carat size CPD demand whereas smaller carat size CPD demand is met from secondary market.

Strong growth in Total Operating Income; marginal increase in operating profit margin
H.K. Group reported consolidated total revenues of Rs.8566.17crore during FY19 i.e. Y-o-Y growth of 15%. The growth was largely driven by around 14% (Y-o-Y) growth in sales realization and around 3% (Y-o-Y) growth in sales volume of cut and polished diamonds (CPD) during the year. The operating profit margin during FY19 witnessed marginal increase of 10 bps to 5.31%.

Improvement in overall gearing with moderate debt coverage

Overall gearing improved to 1.20x as on March 31, 2019 from 1.35x as on March 31, 2018 due to increase in net-worth. The improvement was on account of accretion to reserves during the year. Interest cost in absolute terms was higher which led to marginal moderation in debt coverage indicators during FY19.

Despite improvement, the debt coverage indicators like interest coverage and total debt to GCA continued to remain moderate. PBILDT/ Interest remained almost stable on y-o-y basis at 4.08x during FY19.

Key Rating Weaknesses

Projected decline in revenue in FY20 and FY21

Major export markets for CPD are Hong Kong/China, USA and Europe, where the discretionary spend has gone down sharply due to economic slowdown triggered by COVID-19. Further there has been a disruption of logistics during to lockdown, so that no export sales have taken place during this March and April 2020. There will be slowdown in economic activities during FY21 due to lock down and recessionary economic environment which will result in decline in TOI and profitability margins of the H.K. Group are also expected to contract due to higher fixed cost.

Working capital intensive operations

CPD industry procures roughs from international miners, on advance or cash against delivery basis. The rough diamond suppliers market is oligopolistic in nature, and CPD manufacturers have limited bargaining power. Sorting, cutting, polishing, and GIA accreditation which takes 3 month, and further sales on circa 30 days term leads to around 4 months working capital cycle. The process is extremely labor and technology intensive. This creates substantial working capital requirements which are financed by short term bank borrowings.

Thin profit margins susceptible to volatility in prices of rough diamonds, foreign exchange fluctuations albeit forward covers and strong competition from top players in organized sector of the CPD industry wherein value addition is inherently limited

Indian CPD Industry accounts for every 9 out 10 polished diamonds, manufactured every year. The industry has matured over the last three decades and top CPD manufacturers enjoy direct access to miners, latest technology, and market reports. Increased competition amongst the CPD manufacturers has shrunk operating margins over the last decade.

The rough miners continue to enjoy the oligopolistic status with much bigger balance sheet. Large CPD manufacturers are totally dependent on miners for supply of large amount of rough diamonds, to run their large operations, processing several lakh carats every year. Since no large diamond mines have been discovered in the last few years, no substantial softening of roughs is expected in coming years.

CPD industry requires regular capital investment into state of art technology – Sarine planners, Laser Cutters, Ghanti polishing machines etc. to improve yields, and also innovate to make new designs/ cuts for end users. The thin operating margins, with buying from oligopolistic market, and with substantial investment in technology constrain the long term rating for the Gem & Jewelry sector.

H. K. Group is dependent on imports to meet its requirement of rough diamonds, with the majority of rough diamond purchase being imported. H. K. Group also procures polished diamonds for trading purpose. H. K. Group's profitability margins are susceptible to the price of rough diamonds and CPD which are market driven and volatile in nature.

The Group and HKEPL (standalone) earn 99.5% (PY: 97.40%) and 90% (PY: 87%) of its revenue from exports, respectively, and the same is subject to foreign exchange fluctuations. H. K. Group enjoys natural hedge on most of its foreign exchange exposure. H. K. Group is exposed to foreign currency fluctuation risk with respect to receivables and payables in foreign currency. H. K. Group, uses forward contracts to hedge its net exposure at any point in time.

During FY19, for HKEPL total income in foreign currency was Rs.7324.02 crore (Rs.6101.84 in FY18) while imports amounted to Rs.6535.84 in FY19 (Rs.5333.70 crore in FY18), to this extent the group enjoyed the natural hedge, while rest on net basis is covered through forward covers.

Moratorium on working capital

Hari Krishna Group has not availed the moratorium of interest on working capital loans from its relationship banks till date. The company has applied for a moratorium of 90 days on both the pre-shipment credit (PCFC) and post shipment credit (Export Bills). The company has also applied for ad-hoc working capital limits from its consortium banks which are capped at 10% of the total consortium limits.

Impact of Pandemic COVID-19 on CPD industry

Unprecedented measures taken by India as well as key global markets to control the spread of the novel corona virus (COVID-19) pandemic has significantly impacted the entire diamond value chain with forced unit shutdowns. While marginal relaxations have been given by the government, the duration of lockdown related restrictions and its overall impact on the industry remains a key monitorable. CARE believes that despite these marginal relaxations to resume commercial operations, the extension of lockdown beyond the anticipated period to control the spread, may exert pressure on the company's revenues and profitability in the near to medium term.

Liquidity: Adequate

Adequate liquidity characterized by satisfactory current ratio, which stood at 1.37x on March 31, 2019. HKEPL's average utilization of bank limits for the past 12 months ending February 2019 was 81%. Moreover, average utilization for past 12 months ending December 2019, of HKJ, HKD and UJ was 77%, 95% and 81%, respectively. This reflects that there is head room available in the bank limits to support fresh business opportunities. Furthermore, the CFO for the Group stood at Rs.164 crore during FY19, and the free cash & bank balance stood at around Rs.10 crore, as on March 31, 2019.

Analytical approach: Consolidated

Applicable Criteria

Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings
CARE's Policy on Default Recognition
Short-term Instruments
Financial ratios – Non-Financial Sector
CARE's methodology for manufacturing companies
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Rating Methodology: Cut & Polished Diamond (CPD) Industry

Background

About H.K Group

Hari Krishna Group (H. K. Group) comprises of HKEPL (flagship entity and holding company), H. K. Jewels Private Limited (HKJ), H. K. Designs (India) LLP (HKD) and Unity Jewels (UJ) (Partnership firm). The Group is promoted by Shri Savji D. Dholakia and his brothers Shri Ghanshyam D. Dholakia, Shri Tulsi D. Dholakia and Shri Himmat D. Dholakia. H. K. Group is primarily engaged in the Cutting and Polishing of rough diamonds (CPDs) and manufacturing and wholesale sales of plain gold and diamond studded jewellery via group entities. H. K. Group markets its product under brand name 'Kisna'. Group operates with two manufacturing facilities located in Mumbai and Surat. Products processed and manufactured are exported to countries like Hong Kong, Israel, USA, Belgium, UAE, Thailand, China, Japan and UK.

Brief Financials – Consolidated (Rs.crore)	FY18 (A)	FY19(A)
Total operating income	7424.86	8566.17
PBILDT	386.81	454.88
PAT	160.58	204.58
Overall gearing (times)	1.35	1.20
Interest coverage (times)	4.17	4.08

About HKEPL

Hari Krishna Exports Private Limited (HKEPL) was originally established in 1992 as a partnership firm M/s. Hari Krishna Exports (HKE). Later HKE was converted into a private limited company in Feb 2012 and was renamed as HKEPL. HKEPL is the flagship company of the Hari Krishna Group. The Group is promoted by Shri Savjibhai Dholakia and his brothers Shri Ghanshyambhai Dholakia, Shri Tulsibhai Dholakia and Shri Himmatbhai Dholakia.

The group is primarily engaged in the Cutting and Polishing of rough diamonds and manufacturing and wholesale sales of diamond studded Jewellery. It exports to countries like Hong Kong, Israel, USA, Belgium, UAE, Thailand, China, Japan and UK. Group companies which are engaged in manufacturing and exports of diamond studded Jewellery are M/s. H.K Designs

(India) (HKD, rated CARE A/ CARE A2+) and M/s. Unity Jewels (UJ, rated CARE A). Both HKD and UJ have their manufacturing unit located in SEEPZ, Andheri. HKEPL has its manufacturing units located at Surat and SEEPZ, Mumbai.

Brief Financials - Standalone (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	7074.88	8188.44
PBILDT	339.65	404.27
PAT	138.29	179.01
Overall gearing (times)	1.27	1.15
Interest coverage (times)	3.97	3.94

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-EPC/PSC	-	-	-	1577.90	CARE A; Negative
Non-fund-based-Short Term	-	-	-	48.99	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-EPC/PSC	LT	1577.90	CARE A; Negative	-	1)CARE A; Stable (19-Feb-20)	1)CARE A; Stable (11-Mar-19)	1)CARE A; Stable (29-Dec-17) 2)CARE A; Stable (11-Apr-17)
2.	Non-fund-based-Short Term	ST	48.99	CARE A2+	-	1)CARE A2+ (19-Feb-20)	1)CARE A2+ (11-Mar-19)	1)CARE A2+ (29-Dec-17) 2)CARE A2+ (11-Apr-17)
3.	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (11-Mar-19)	1)CARE A; Stable (29-Dec-17) 2)CARE A; Stable (11-Apr-17)

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Devu Tools Private Limited
April 29, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long term Bank Facilities	119.59	CARE BB; Stable (Double B; Outlook: Stable)	Revised from CARE BB+; Stable (Double B Plus; Outlook: Stable)
Short-term Bank Facilities	17.00	CARE A4 (A Four)	Reaffirmed
Total	136.59 (Rs. One hundred thirty six crore and fifty nine lakh only)		

Details of facilities as per Annexure-I

Detailed Rationale & Key Rating Drivers

The revision in ratings assigned to the bank facilities of Devu Tools Private Limited (DTPL) takes into account the significant elongation in its operating cycle due to substantial increase in inventory and receivables position. Moreover, the overall financial performance of the company moderated during FY19 in comparison to FY18. CARE expects the financial performance will continue to remain muted in FY20 as well, on account of the lockdown situation, which has impacted the revenues of the company, which in a normal year continues to remain on the higher side during the last month of the financial year. The ratings continue to remain constrained by its small scale of operations, moderate debt coverage indicators, customer concentration risk, exposure to volatility in raw material prices and working capital intensive nature of operations.

The ratings, nevertheless, remains underpinned by an experienced management team, long track record of operations and established long-term relationships with reputed and diversified clientele, along with a healthy order-book position.

Key Rating Sensitivities

Positive rating sensitivities

- Improvement and sustenance of interest coverage indicators above 3.00x.
- Improvement and sustenance in the gearing levels below 1.00x
- Improvement and sustenance in Total debt to GCA below 5.00x.

Negative rating sensitivities

- Deterioration in ROCE beyond 9.00%.
- Increase in the gearing levels above 2.40x.

Detailed description of key rating drivers

Key Rating Weaknesses

Moderate financial profile

The company normally achieves a higher portion of their total revenues during the last month of the financial year, which however has been impacted adversely in FY20 due to the on-going lockdown situation. Thus, the financial performance of FY20 is expected to remain subdued. The total operating income had declined marginally by 8% in FY19, to Rs. 103.19 crores in FY19 from Rs. 111.72 crores in FY18. The deterioration is primarily on account of decline in the volumes of pipe fitting moulds sold, despite increase in the realisations for the same. PBILDT margins remained stable in FY19 at 30.47% as compared 29.56% in the previous year. PAT margins have also improved during the year from 4.90% in FY18 to 5.04% in FY19.

Stretched working capital cycle

DTPL's working capital cycle elongated to 349 days in FY19 from 271 days in FY18 primarily due to increase in the inventory holding period and collection period. The collection period increased to 63 days in FY19 from 41 days in FY18. The inventory holding period has deteriorated to 382 days (FY18: 314 days). The company has availed ad-hoc limits for most of the months in FY20, excluding which the utilisation limits would have increased further than their current levels of 90%.

[1]*Complete definition of the ratings assigned is available at www.careratings.com and other CARE publications.*

Moderate capital structure and debt coverage indicators
Debt levels continue to remain elevated in FY19 at Rs. 131.61 crores and is expected to further increase on account of capex activity planned for expansion of its operations. Although improved, the overall gearing continues to remain high at 1.78x (including LC/BG) as on March 31, 2019 (vis-à-vis 1.72x as on March 31, 2018). Total Debt to Gross Cash Accruals (GCA) however, deteriorated in FY19 to 7.75x as compared to 7.10x in FY18 on account of similar debt levels coupled with lower cash accruals. Furthermore, interest coverage ratio although comfortable, has weakened to 2.19x in FY19 (FY18: 2.40x).

High Customer concentration risk
Concentration risk exists as the top 5 customers contributed to around 70% of the total sales during FY18 and FY19. With the advent of the new capex at Atgaon in FY21, dependency on the top customers is expected to increase further.

Susceptibility to volatility in raw material prices
The company depends entirely on imports for the procurement of raw materials. The major raw material for DTPL is alloy steel which the company procures from Germany. At present, the company has sufficient raw material inventory for the next 6-8 months. However, any changes in government policies for export/import norms and volatility in the raw material prices will have an impact on the company's profitability.

Key Rating Strengths
Experienced promoters and continued financial support from them
The MD & Chairman, Devaraya Sheregar has a total experience of around 25 years in the moulds and dies industry and is supported by a qualified and experienced team. Furthermore, the promoters have demonstrated financial support for the operations of the company by way of infusion of fresh equity and unsecured subordinated loans as and when required by the company.

Reputed clientele Base
DTPL has a reputed clientele base consisting of companies in the pipe and the automobiles industry. Comfort can be drawn from the fact that these companies have a strong credit profile and thereby counter-party risk is mitigated to some extent.

Healthy order-book position providing medium term revenue visibility
As on March 12, 2020, the company has an order book of Rs. 102.15 crores. DTPL caters majorly to the domestic market; however, they have been steadily increasing their presence in the export market as well. The upcoming export orders are mainly concentrated around the supply of PVC Pipes Fittings in the Gulf countries. The company also anticipates a further influx of orders from the automobile sector due to the shift from BS-IV to BS-VI norms.

Liquidity: Moderate –
The liquidity position of the company remained moderate marked by a current ratio of 1.30x as on March 31, 2019. The average working capital utilization remains on the higher side at around 90% in the last 12 months i.e. February 2019 to January 2020. The firm had a free cash & bank balance of Rs. 0.17 crores as on March 31, 2019.Debt levels are envisaged to rise in the forthcoming years on account of expansion plans.

Analytical Approach: Standalone
Applicable criteria
Criteria on assigning Outlook to Credit Rating
CARE's default recognition policy
Criteria for Short Term Instruments
Financial ratios - Non Financial Sector
Rating Methodology – Manufacturing companies

About the Company
Established in 1993, as proprietorship concern by Mr. Devaraya Sheregar, and reconstituted to private limited company in 1999, Devu Tools Private Limited (DTPL) is engaged into designing and manufacturing of plastic injection customized moulds and dies mainly used for pipe fittings, white goods, medical goods, automobiles and drip irrigation. DTPL has plant in Mumbai (Saki Naka, Andheri) and Thane (Atgoan).

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Income	111.72	103.19
PBILDT	33.02	31.44
PAT	5.48	5.20
Overall gearing (times)	1.72	1.55
Interest coverage (times)	2.40	2.19
Total Debt/GCA times	7.10	7.75

A: Audited

Status of non-cooperation with previous CRA: None

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 - ST-EPC/PSC	-	-	-	5.00	CARE A4
Fund-based - LT-Cash Credit	-	-	-	36.00	CARE BB; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	12.00	CARE A4
Fund-based - LT-Term Loan	-	-	September 30, 2027	83.59	CARE BB; 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - ST-EPC/PSC	ST	5.00	CARE A4	-	-	1)CARE A4 (11-Feb-19)	1)CARE A4 (05-Mar-18) 2)CARE A4 (26-Apr-17)
2.	Fund-based - LT-Cash Credit	LT	36.00	CARE BB; Stable	-	-	1)CARE BB+; Stable (11-Feb-19)	1)CARE BB+; Stable (05-Mar-18) 2)CARE BB; Stable (26-Apr-17)
3.	Non-fund-based - ST-Bank Guarantees	ST	12.00	CARE A4	-	-	1)CARE A4 (11-Feb-19)	1)CARE A4 (05-Mar-18) 2)CARE A4 (26-Apr-17)
4.	Fund-based - LT-Term Loan	LT	83.59	CARE BB; Stable	-	-	1)CARE BB+; Stable (11-Feb-19)	1)CARE BB+; Stable (05-Mar-18) 2)CARE BB; Stable (26-Apr-17)

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Dhanlaxmi Infrastructure Private Limited
April 29, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank Facilities – Lease Rental Discounting	161.80	**CARE A-; Under Credit watch with Negative Implications (Single A Minus; Under Credit watch with Negative Implications)**	**Revised from CARE A-; Stable (Single A Minus; Outlook: Stable)**
Total Facilities	**161.80 (Rs. One Hundred Sixty-One Crore and Eighty Lakhs Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating of Lease Rental Discounting facilities of Dhanlaxmi Infrastructure Private Limited (DIPL) is placed on 'Credit watch with negative implications' on account of shut down of its mall since mid of March 2020 in accordance with the measures taken by the central government towards containment of COVID-19 pandemic to avoid mass gatherings. With the shutdown of malls, the cash flows are expected to weaken in Q1FY21 as tenants are likely to seek waiver or deferment of rent payments till the normalization of operations which may result in cash flow mismatch and impact the liquidity position of the company. This in turn is expected to weaken the debt coverage indicators for companies engaged in mall operations. While the central government's lockdown is applicable till May 03, 2020, clarity is yet to emerge on possible extension or staggered exit from the lockdown, which in turn will be contingent on the extent of spread of COVID-19. In CARE's opinion, further extension of lockdown (if any), will result in weakening the credit risk profile of mall operators owing to prolonged disruption of operations. Moreover, CARE believes that once the lockdown is lifted, the recovery in footfalls in malls is expected to be slow and gradual. Thus, the business risk profile of the companies in the sector will remain under pressure even after commencement of operations.
Additionally, the company has applied for moratorium for three months i.e. from March to May 2020 for which the approval from lenders is yet to be received. Also, as per discussion with management, the March month instalment already debited by one of its lenders. However, company has mentioned that it has adequate liquidity in the form of cash and bank balance of Rs.26.1 Cr (including DSRA of Rs.5.2 Cr) as of March 31, 2020 which would be sufficient to meet its debt servicing obligations post opting for moratorium and also to cover the operational expenses during lock down.
However, the rating derives strength from adequate liquidity available with the company, healthy occupancy level of VR Surat Mall aided by favorable location and company being part of VR group which is a joint venture between Xander and APG. Also, the rating continues to derive strength from ring fencing of lease rentals of VR Surat Mall through an escrow mechanism supported by presence of DSRA, diversified client base. The rating also factors satisfactory debt coverage indicators though moderated due to continuous increase in debt to fund group's other projects and impact of Covid19 on revenue sharing (RS) based rentals. These rating strengths are partially offset by increasing group exposure, inherent lease agreement renewal & occupancy risk, revenue concentration from a single asset and vulnerability of cash flows to any decline in rentals and rise in interest rates.

<u>Rating Sensitivities</u>
Positive rating sensitivities:

- Ability of the company to retain its existing tenants and maintain high occupancy levels of above 95% post the lock down period is a key rating monitorable considering only around 15% of the leasable area is currently under lock in period.
- Improvement in debt/rental to 2.5x
- Leasing to new tenants at higher rentals in case of nonrenewal of leases by existing tenants along with minimal gap between the leases.

Negative rating sensitivities:

- Decline in occupancy levels or tying up of new leases at lower rentals.
- Additional LRD loans taken against existing lease rentals deteriorating debt/rental income to more than 4.0x or moderation in liquidity for extending advances to group companies.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Detailed description of the key rating drivers
Key Rating Strengths
Continuance of healthy occupancy of mall aided by favorable location though lease renewal risk persists: As of Sept 2019, VR Surat mall's occupancy level continued to be healthy with 97% occupancy levels with diversified client base of 118 tenants with various reputed anchor tenants namely being Inox, Shoppers Stop, Zara, Westside, Marks & Spencer, Fun City, Pantaloons, Home Centre, Reliance Trends and Max. The mall is situated at Dumas Road on Surat. The mall is located near to Dumas beach and on the way to Surat airport. VR mall is expected to stand benefit out of limited competition in Surat. Favorable location along with good brand recall value has helped in increasing occupancy and footfalls at the mall on Y-o-Y basis and renewal of existing leases at higher rentals.

Company being part of VR group, a JV between Xander and APG: DIPL is wholly owned subsidiary of Moribus Holding Pte Limited which is further held 100% by Virtuous Retail South Asia (VRSA). VRSA is a JV between Xander (through Virtuous Retail Pte Limited) and APG, a Dutch Pension Fund. The group at present operates 6 retail malls and 2 malls are under-construction, one each in Bangalore and Delhi. Apart from these, the group has also bought 20 acres of land in Thane, near Mumbai for construction of retail mall.

Structured Payment Mechanism: The servicing of debt is made out of the lease rentals being received from VR Surat Mall. For timely debt servicing, a structured payment mechanism through an escrow account with prescribed waterfall mechanism is put in place. The structure is backed by creation of DSRA of 2 months principle and interest. Company has also executed Power of attorney in the favor of trustee (acting on behalf of lender), in case of default.

Satisfactory debt coverage indicators though moderated due to continuous increase in debt to fund group's other projects and impact of Covid19 on revenue sharing (RS) based rentals: DIPL is operating VR Surat mall in Surat with operational track record of around 6 years and occupancy levels consistently above 95%. Earlier, company re-financed the previous LRD of around Rs. 78 crore by availing LRD of Rs. 140 crore during Sep'17. Based upon operational track record of mall, in May 2019, the lender had sanctioned additional LRD loan of Rs. 55 crore against the existing rentals of VR Surat Mall which was utilized by company towards acquisition of Nagpur and Amritsar properties from TRIL.
For more than 90% of leasable area, leases entered into by company (i.e.4.02 lsf) are in form of Minimum Guaranteed rent (MG) or revenue sharing (RS), whichever is higher basis. As the mall has been operated for 7 years, footfalls at the mall have been higher resulting into RS based rentals forming 10-12% of total rental income. However, due to Covid-19 lock down the RS rentals may get impacted, even post lockdown, when malls are allowed to open, footfalls in mall are likely to be lower thereby impacting the revenue of tenants in the near term. The same will further translate into reduction in RS revenue of the company. Due to these factors debt/rental and debt/sft have moderated from 2.47x and 2409 (considering RS of Rs.10/sft over MG rentals) to 4.0x and 3544 (Considering only MG rentals) respectively. Further, increase in debt on existing cash flows will weigh negatively on company's credit profile.

Key Rating Weaknesses
Increasing group exposure: DIPL has extended loans and advances of Rs. 50 Cr as on Mar'19 (Rs. 56 Cr as on Mar'18) to Hamir Real Estates P Ltd. Recently, DIPL has again extended around additional Rs. 82.1 Cr loans in the form of ICDs (Rs. 55 Cr from additional LRD loan availed and remaining from existing cash and bank balances) to the group for acquisition of two retail assets each in Amritsar and Nagpur during Dec'19. Total advances currently stood at 83% of company's networth base as on Mar'19. Though these ICDs carries 10% rate of interest, however, company is not realizing the same.

Inherent renewal risk for lease agreements: The Company has entered into long term leases with tenants with lease period ranging from 5-9 years. The mall is exposed to lease renewal risk post expiry of lease. Currently, only 15% of leasable area is under lock-in period and therefore tenants may decide to vacate the space in case sales are lower though would have to provide notice period of 6 months which gives sufficient time for DIPL to scout for new tenants. Also, around 34.2% of area under lease is expiring in FY23 and timely renewal of these leases/ scouting of new tenants without rent loss will be critical from credit perspective.

High revenue concentration from a single asset: The company generates all its cash flows from a single asset (VR-Surat mall), leaving it exposed to risk of a market downturn in the area or new competing malls in that area. Further, the Surat City is largely known for textile and diamond establishment and any prolonged slowdown in these industries may also impact the mall profitability.

Unfavorable industry scenario amid Covid-19: Mall operators are significantly affected by the mandatory closure of the malls across the states considering they generate almost complete income from the lease rentals received from the tenants. Around 80,000 jobs are expected to be cut by various retailers as per the survey conducted by Retailers Association of India (RAI) with 768 retailers which employ around 3.93 lakh people across India and retailers expect only 40% of the H1FY20's revenue in H1FY21.

Liquidity: Adequate

DIPL has been maintaining adequate liquidity of around Rs.25-30 crore historically (almost equivalent to 1 year of debt repayment). However, in past, company has been supporting group companies by way of loans and advances but is not generating returns. All the group companies are currently generating surplus cash of their own and management does not envisage any further support from DIPL. Company has liquidity of Rs.26.1 Cr as of March 31, 2020 in the form of cash and bank balances (including DSRA of Rs.5.2 Cr and fixed deposits) as against debt servicing of around Rs.10.20 Cr in H1FY21 (Rs.2.67 Cr in Q1FY20 & Rs.7.53 Cr in Q2FY20) post opting for the moratorium and operating expenses of around Rs.1.5-2.0 crore per month.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
CARE's policy on Default Recognition
Financial Ratios-Non Financial Sector
Rating Methodology: Consolidation and Factoring Linkages in Ratings

About the Company

Dhanlaxmi Infrastructure P Limited (DIPL), wholly owned subsidiary of Moribus Holding Pte Limited, is part of Virtuous Retail (VR) group. The company operates retail mall 'VR Surat' with leasable area of 4.43lsf in Surat, Gujarat. The mall is operational since 2013 and has occupancy level of around 97% as of Sept 2019.

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	52.21	68.80
PBILDT	24.53	41.66
PAT	3.76	16.57
Overall gearing (times)	0.99	0.78
Interest coverage (times)	2.11	3.68

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	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	-	-	-	August 2027	161.80	CARE A- (Under Credit watch with Negative Implications)

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Lease rental discounting/ Rent Receivables Financial	LT	161.80	CARE A- (Under Credit watch with Negative Implications)	-	1)CARE A-; Stable (27-Dec-19)	1)CARE A- (SO); Stable (12-Oct-18)	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

Name of the Instrument – LRD loan	Detailed explanation
A. Financial covenants	Min. asset cover of 1.66x to be maintained throughout the tenor of the facility based on the independent valuation reports.
B. Non financial covenants	Collateral Security: First pari passu charge by way of immovable assets present and future pertaining to VR Mall situated at F.P. No. 29, Magdalla, Dumas Road, Surat
	Borrower shall route all the rentals and other monies to be received from the lessees present and future, pertaining to property, through Escrow account maintained with the lender. As per Escrow waterfall mechanism, the debt servicing takes the highest priority.
	DSRA equivalent to 2 months' interest and principal to be maintained throughout the tenor of the facility.

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. Investors/market intermediaries/regulators or others are welcome to write to 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.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Fedbank Financial Services Ltd
April 29, 2020

Ratings

Facilities	**Amount (Rs. crore)**	**Rating**[1]	**Rating Action**
Long term Bank Facilities	3,500 (Rupees three thousand five hundred crore only)	**CARE AA-; Negative (Double A Minus; Outlook: Negative)**	**Reaffirmed and Outlook revised from Stable to Negative**
Non-Convertible Debentures	200 (Rupees two hundred crore only)	**CARE AA-; Negative (Double A Minus; Outlook: Negative)**	**Reaffirmed and Outlook revised from Stable to Negative**

Details of instruments/facilities in Anneuxre-1

Detailed Rationale & Key Rating Drivers
The rating continues to factor in the strong parentage of Fedbank Financial Services Ltd. (Fedfina), being a subsidiary of The Federal Bank Ltd (FBL rated 'CARE AA; Stable') and the resultant financial and operational support from the parent. The rating also derives comfort from the high degree of management integration & brand linkage with FBL. The rating further factors in Fedfina's comfortable capitalization levels with equity infusion in FY19 and FY20 coupled with comfortable asset quality which had witnessed some moderation in FY19. Further, the rating continues to factor in adequate liquidity profile of the company. The rating is however constrained by moderate profitability, moderate scale of operations and limited portfolio seasoning, geographical concentration and market risk in gold loan portfolio.
CARE also takes note of the recent measures announced by RBI in light of the Covid-19 pandemic to provide durable liquidity and protect asset quality. Announcements with respect to Targeted Long Term Repo Operation 2.0 (TLTRO 2.0) for NBFCs and MFIs, special refinance facility by NHB to address sectoral credit needs, extension of date of commencement of commercial operations (DCCO) of project loans for commercial real estate by one year and asset classification standstill for all accounts where moratorium is granted are expected to provide some relief to the liquidity profile and asset quality ratios.

Outlook: Negative
The outlook has been revised to 'Negative' on account of its exposure to LAP (Loan Against Properties) portfolio, largely comprising of MSME borrowers which are likely to be adversely impacted on the back of lower economic growth in the short to medium term. This in turn could affect the asset quality and profitability of Fedfina. The outlook may be revised to 'Stable' if the company is able to maintain healthy asset quality on sustained basis over the medium term.

Rating sensitivities
Positive Factors

- Significant scale up of operations with demonstration of financial and business performance.

Negative Factors

- Weakening of parent's credit profile
- Fall in Federal Bank's stake in Fedfina below 51% and weakening of expected parent support
- Material deterioration in asset quality of Fedfina with gross NPA remaining consistently above 6% and in-turn impacting profitability
- Gearing level rise above 7 times.

Detailed description of the key rating drivers
Key Rating Strengths
Strong parentage and expected support with brand linkage and management integration: Fedfina is a subsidiary of The Federal Bank Ltd. (FBL; rated 'CARE AA; Stable'). The board of Federal Bank has approved 26% strategic investment by private equity player True North in Fedfina. Further, True North has the option to acquire upto 45% stakes as per the agreement. During FY19 and FY20, Fedfina received fresh equity infusion of around Rs.361 crore, most of which contributed by True North. As on March 31, 2020, Federal Bank's stake in Fedfina has been reduced to 74%.
Fedfina has high level of integration with FBL and shares its brand identity. The strategic importance of Fedfina to FBL is visible from the high degree of management integration wherein the MD and a director of FBL is on the board of Fedfina. Furthermore, Fedfina is also engaged in distribution of loan products for its parent. Fedfina also enjoys financial flexibility on account of its parentage.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Comfortable capitalization levels: Fedfina has comfortable capitalization levels. As on March 31, 2019, Fedfina's CAR Ratio stood at 22.50% with Tier I CAR at 20.99% (FY18: CAR 17.22% and Tier I CAR 16.85%). The improvement in CAR ratio in FY19 was due to fresh capital infusion by True North. In addition, high levels of Tier I capital provides the company adequate headroom for raising Tier II capital for funding future business expansion. As on March 31, 2019, Fedfina's overall gearing level was comfortable at 3.82 times (4.62 times as on March 31, 2018). As on December 31 2019, Total CAR and Tier I CAR stood at 18.98% and 18.57% respectively.

Comfortable asset quality amidst some moderation in FY19: Fedfina's asset quality moderated in FY19 with GNPA and NNPA ratios at 2.05% and 1.80% respectively as on March 31, 2019 (March 31, 2018: GNPA: 0.92% and NNPA: 0.80%). The moderation in asset quality in FY19 was mainly due to deterioration in asset quality in the gold loan segment. Absolute GNPA in the gold loan segment increase from Rs.0.34 crore in FY18 to Rs.22.39 crore in FY19. The growth in the NPA for the gold loan segment is mainly due to a change in policy during the course of the year. While as per earlier policy the customer's gold would be auctioned as soon as the loan turned NPA, however company now give the customer a chance to regularize his loan as long as there is sufficient collateral cover. Hence, while the NPA number for Gold Loans has grown, it is more than covered by the value of gold held as collateral security. The overall asset quality improved in 9MFY20 with GNPA and NNPA ratio of 1.23% and 1.07% respectively.

Key Rating Weaknesses

Geographic concentration & market risk: The Company's scale of operations remained moderate and exhibits geographic concentration with almost entire of gold loan portfolio has been originated from Southern India; while LAP and wholesale lending products are present in 5 to 6 states; however company is gradually expanding into other markets. Besides geographic concentration, the company is exposed to market risk associated with gold prices since 23% of its portfolio constitutes gold loans. However, average LTV in gold loan segment stood at 65-75%.

Moderate Profitability: During FY19, Fedfina witnessed moderation in profitability. The NIM declined to 6.92% in FY19 as against 8.51% in FY18 primarily due to declining yield on advances. As a result, with the decline in the NIM, ROTA reduced by 53 bps to 1.95% in FY19 as against 2.48% in FY18. During 9MFY20, company reported PAT of Rs.28.63 crore on the total income of Rs.315.05 crore. During 9MFY20, Fedfina's ROTA stood at 1.49%.

Moderate scale of operations and limited portfolio seasoning: Fedfina has a relatively moderate scale of operations which can be witnessed from its loan portfolio size of Rs.3065 crore as on December 31, 2019 (Rs.2,004 crore as on March 31, 2019) which includes 25% of Gold Loan, 50% of LAP, 13% of wholesale lending, 7% of Business/Personal loan and remaining 5% being Microfinance/BC partners and others. Fedfina started its LAP business in 2013 and Wholesale lending business in 2014, hence these portfolios are yet to be seasoned. Therefore, the company's ability to scale up its business operations besides maintaining asset quality is yet to be tested.

Analytical approach:

CARE has analyzed standalone credit profile of Fedfina along with its operational and managerial linkages with its parent, Federal Bank Ltd.

Applicable Criteria

Rating Outlook and Credit Watch
CARE's Policy on Default Recognition
Criteria for Non-Banking Financial Companies
Financial ratios – Financial Sector
Consolidation and factoring linkages in rating

Liquidity Position: Adequate

The liquidity profile of the company as on March 31, 2020 stands adequate. Fedfina had debt outflows of Rs299 crore (excluding WCDL, which is to get rollover) in until June'20 against the same, Fedfina has cash and liquid investments worth Rs.248 crore and unutilized CC/WCDL bank lines worth around Rs.113 crore. In light of Covid-19 epidemic, collections for few months could get adversely impacted, however company adequate cash & liquid investments and unutilized lines to repay debt obligations in case of shortfall in collections. Further, the liquidity profile is also supported by short-term nature of gold loans which was 25% of total portfolio as on December 31, 2019. Further, the support from the Federal Bank provides additional comfort to the liquidity profile of Fedfina.

About the Company

Fedfina is a Non Deposit accepting Systemically Important Non-Banking Finance Company (NBFC-ND-SI) and a subsidiary of FBL. Incorporated in 1995, the company received the NBFC license from RBI in August 2010, post which the company has commenced the gold loan business. The company also ventured into the LAP segment in FY13 while wholesale lending was started in Q4FY14. As on December 31, 2019, Fedfina had a net-worth of Rs.603 crore and outstanding loan portfolio of Rs.3065 crore.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total Income	198	259
PAT	31	35
Interest coverage (times)	1.64	1.44
Total Assets	1476	2124
Net NPA (%)	0.80	1.81
ROTA (%)	2.48	1.95

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

ISIN	Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
NA	Long Term Bank Facilities	-	-	Upto 5 years	3,500	CARE AA-; Negative
NA	Non-Convertible Debentures (proposed)	-	-	-	200	CARE AA-; Negative

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	3500.00	CARE AA-; Negative	1) CARE AA-; Stable (18-Mar-20) 2) CARE AA-; Stable (02-Jan-20) 3) CARE AA-; Stable (31-Jul-19)	1) CARE AA-; Stable (31-Dec-18) 2)CARE AA-; Stable (21-Sept-18) 3)CARE AA-; Stable (10-Jul-18)	1)CARE AA-; Stable (5-Jan-18) 2)CARE AA-; Stable (11-Oct-17) 3)CARE AA-; Stable (12-Jul-17)	1)CARE AA-; Stable (10-Feb-17)
2.	Debentures-Non Convertible Debentures	LT	200.00	CARE AA-; Negative	1) CARE AA-; Stable (02-Jan-20)	1) CARE AA-; Stable (31-Dec-18)	1)CARE AA-; Stable (5-Jan-18)	1)CARE AA-; Stable (10-Feb-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. Investors/market intermediaries/regulators

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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.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Anusha Projects Private Limited
April 29, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank Facilities	14.00 (enhanced from 9.00)	**CARE BBB; Stable (Triple B; Outlook: Stable)**	**Reaffirmed**
Short term Bank Facilities	88.00 (enhanced from 58.00)	**CARE A3+ (A Three Plus)**	**Reaffirmed**
Total	**102.00 (Rs. One hundred and two crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Anusha Projects Private Limited (APPL) continue to derive strength from experienced promoters with established track record in construction sector, expansion of order book position along with transition in work order composition from State Government to Central Government orders (represented by majority of orders received from Ministry of Road Transport and Highway), significant improvement in financial performance during FY19 (refers to period April 01 to March 31) satisfactory profitability margins led by low dependence on sub-contracting works, comfortable capital structure and debt coverage indicators with adequate liquidity profile, improved collection period during FY19 and stable industry prospects. The ratings also take into account continuation of construction activities; albeit at slower pace, post lockdown imposed by the Government in the wake of global pandemic COVID 19 and receipt of bills from MORTH that has been raised post COVID-19 lockdown. The ratings, are however tempered by modest size and scale of operation, concentrated order book position on geographical front, pending recoverable pertaining to the previous work orders and highly competitive construction industry due to tender-driven nature of business. The following are the key rating sensitivities:

Positive

- Ability of the company to continue to expand the scale of operation with revenue growing to Rs.500 crore and above
- PBILDT margin maintained at about 15-16% on a sustained basis

Negative

- Decline in total operating income to below Rs.150.0 crore for the projected period.
- Reduction in order book to below 1.5x of the gross billing
- Extension of debtors with average collection days above 120 days on sustained basis

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoter with long track record of company: APPL is a closely held company and managed by the promoter Mr. A. Jalandar Reddy, who has around 30 years of experience in the construction industry. In the year 1986, the promoter commenced operation by taking up small road projects in his individual capacity, and subsequently APPL was formed. However leveraging on the track record and execution capabilities, the company is now able to garner larger orders on its own technical qualification. APPL has successfully executed several orders across Odisha, Telangana, Chhattisgarh and Jammu and Kashmir.

Expansion in order book position with increase in composition of orders, backed by Central Government funding: The order book of the company increased to Rs.415.86 crore as on January 31, 2020 against Rs.358.57 crore as on December 31, 2018, thereby translating into order book to gross billing ratio of 1.75x at a total operating income of FY19, hence providing revenue visibility of medium term. The increase in order book is on an account of receipt of additional work orders pertaining to the road works from MORTH which are backed by Central Government funding. Orders in hand from MORTH has increased to about 92% of current order book vis-à-vis 75% of order book earlier. Thus, the transition in composition of orders from State Government to Central Government has resulted in timely execution of work order with recovery of receivables in expeditious manner.

This apart, APPL also has price variation clause for every order which mitigates the risk of fluctuation in raw material prices. The company has entered into Joint Venture for some orders merely for meeting the technical and financial qualification criteria. However, the entire order execution shall be undertaken by APPL.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Significant increase in total operating income during FY19: The total operating income of the company almost doubled during FY19 thereby registering revenue of Rs. 238.74 crore against Rs.121.33 crore during FY18. The increase in revenue is on an account of increased receipt of orders and execution of same. In line with increase in revenue, PBILDT level also increased from Rs.19.44 crore in FY18 to Rs. 30.42 crore in FY19. The PAT margin improved to 4.60% during FY19 from 3.92% during FY18.
As per provisional financials for 11MFY20, the company has registered gross billing of Rs.253.80 crore. Further, the company is continuing with its construction activities, albeit at a slower pace, post COVID-19 lockdown and has raised bills aggregating Rs.24.75 crore during March-April 2020 and the same has been received also.

Improved collection period during FY19: The collection period of the company improved to 96 days during FY19 vis-à-vis 148 days during FY18. The improvement is mainly on an account of shift in order book composition from State Government to Central Government, wherein the receipt of payments is steady and is recovered within 10-15 days of raising bill, thus ensuring stable cash flow in the company. Consequently, the debtors as a percentage of revenue improved to 28% in FY19 from 48% in FY18. With improved collection period, the creditor's period also reduced to 77 days during FY19 against 126 days in FY18. The average working capital utilization of the company remained moderate at around 57% for the 12 months ending January 2020.

Comfortable capital structure: The capital structure of the company has been satisfactory with overall gearing ratio at 0.68x as on March 31, 2019 (similar to 0.70x as on March 31, 2018). The same continues to remain comfortable and below unity, albeit company availing additional term loan during FY19 for the purchase of construction equipment. The interest coverage ratio has improved from 4.79x in FY18 to 6.14x in FY19 led by increase in PBILDT level.

Stable Industry Outlook: The focus of the Government on infrastructure development is expected to translate into huge business potential for the construction industry in the long-run. In the short to medium term (1-3 years), projects from transportation and urban development sector are expected to dominate the overall business for construction companies. Going forward, companies with better financial flexibility would be able to grow at a faster rate by leveraging upon potential opportunities.

Key Rating Weaknesses
Modest size and scale of operation: APPL has been operating in the construction industry close to two decades. However, the size and scale of operation remain relatively modest with networth of Rs.47.6 crore as on Mar.31, 2019 and gross billing of Rs.238 crore in FY19. The moderate size and scale limits flexibility of undertaking relatively large sized orders and shield the business during industry downturn.

Concentrated order book: The order book of the company has been concentrated on geographical front with about 60% execution in State of Telangana. This is followed by Nagaland constituting to about 37% and Odisha about 3% of total orders in hand. In addition to this, the order book consist of two orders aggregating Rs.318.98 crore that constitute about 77% of total order book. Hence, timely execution of same is critical from revenue perspective and would determine the growth prospect in the event of time lag in addition of new orders.

Decline in PBILDT margin: The PBILDT margin of the company reduced from 16.39% during FY18 to 12.74% during FY19. This is on an account of deployment of additional labours and leased machineries on hire for speedy execution of the project.

Pending receivables pertaining to previous work order: The collection period of the company has improved. However, the company still has total debtors of Rs.12.34 crore as on March 31, 2019 that are outstanding for more than six months. The same is pertaining to GST claim and VAT assessment appropriations of previous work orders and is expected to be recovered by Q2FY21.

Presence in highly fragmented industry with intense competition: The entry and exit barriers in construction industry are low as the industry has many organized as well as unorganized players and industry is highly fragmented. As a result of this there is intense competition among industry players.

Analytical approach: Standalone
Adequate Liquidity: The liquidity position of the company has been adequate owing to sufficient cash accruals of Rs.19.44 crore during FY19 vis-à-vis debt repayment obligation of Rs.10.78 crore. Collection days has improved significantly over the last three years with shift in order book from State to Central Government entity as major client. Given the growing scale of operation, the company has also enhanced its working capital limits and the average working capital limit utilization of the company remained moderate at 57% for past 12 months ending January 2020. Further, the company has

been able to recover bills during the lockdown period which has ensured adequate liquidity. Hence, APPL has not sought for moratorium facility (as provided by RBI during the lockdown period) from lenders.

Applicable criteria:
Rating Outlook and Credit Watch
CARE's Policy on Default Recognition
Rating Methodology –Construction Sector
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments

About the company
Anusha Projects Private Limited (APPL), incorporated in September 2002, has been promoted by Mr. A. Jalandar Reddy, based out of Hyderabad, Telangana. The company is engaged in execution of civil work with the work orders majorly comprising widening, strengthening and reconstruction of roads for National Highways and other State roads at various districts in Telangana. The company has an outstanding order book of Rs.415.86 crore as on January 31, 2020 (as against Rs.358.57 crore as on December 31, 2018).

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	121.33	237.14
PBILDT	19.89	30.42
PAT	4.76	10.97
Overall gearing (times)	0.70	0.68
Interest coverage (times)	4.79	6.14

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

Covenants of rated instruments/facility: Detailed explanation of covenants of rated instruments/facilities is given in Annexure-3

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	-	-	-	14.00	CARE BBB; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	88.00	CARE A3+

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	14.00	CARE BBB; Stable	-	1)CARE BBB; Stable (30-Mar-20)	1)CARE BBB-; Stable (21-Feb-19) 2)CARE BBB-; Stable (06-Feb-19)	1)CARE BBB-; Stable (19-Mar-18) 2)CARE BB+; Stable (22-May-17)
2.	Non-fund-based - ST-Bank Guarantees	ST	88.00	CARE A3+	-	1)CARE A3+ (30-Mar-20)	1)CARE A3 (21-Feb-19) 2)CARE A3 (06-Feb-19)	1)CARE A3 (19-Mar-18) 2)CARE A4+ (22-May-17)

Annexure 3: Detailed Explanation of covenants of rated instruments/facilities- N/A

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications

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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.

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Sahdev Jewellers
April 29, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Short term Bank Facilities (Fund Based)	13.20	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	Reaffirmed
Short term Bank Facilities (Non-fund based)	38.20	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	Reaffirmed
Total	**51.40 (Rupees fifty one crore and forty lac only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 15, 2019 , placed the ratings of Sahdev Jewellers (SJW) under the 'issuer non-cooperating' category as SJW had failed to provide information for monitoring of the rating. SJW continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated April 14, 2020. 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(s).

The ratings assigned to the bank facilities of Sahdev Jewellers (SJW) continue to take into account delays in debt servicing.

Detailed description of the key rating drivers

At the time of last rating on February 19, 2019 the following were the rating strengths and weaknesses):

Key Rating Weaknesses

Delays in the servicing of debt obligations: The weak financial profile is marked by the delays in the servicing of debt obligations in the PCFC account. The company had defaulted on the debt servicing in the PCFC account and had LC devolvements.

Analytical approach: Standalone

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-Manufacturing Companies](#)
[Financial ratios – Non-Financial Sector](#)
[Criteria for Short Term Instruments](#)

About the Company

Mr. Ravi Sahdev (son of Mr. Vasdev Sahdev) as partners. During FY17, the constitution of the firm has been changed to a proprietorship firm following demise of Mr. Vasdev Sahdev. The firm is an export oriented unit and is engaged in manufacturing, trading and export of plain gold Jewellery. The firm has a manufacturing unit at SEZ (Special Economic Zone) in Noida, Uttar Pradesh and has a wholesale outlet in Karol Bagh, Delhi.

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*
**Issuer did not cooperate; Based on best available information*

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	319.06	318.02
PBILDT	5.93	2.73
PAT	2.24	0.70
Overall gearing (times)	1.61	3.33
Interest coverage (times)	2.02	1.68

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
Non-fund-based - ST-BG/LC	-	-	-	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Packing Credit in Foreign Currency	-	-	-	13.20	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	13.20	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Proposed non fund based limits	-	-	-	15.00	CARE D; 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Non-fund-based - ST-BG/LC	ST	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (19-Feb-19) 2)CARE D (03-Apr-18)	1)CARE D (27-Oct-17) 2)CARE D; ISSUER NOT COOPERATING* (19-Apr-17)
2.	Fund-based - ST-Packing Credit in Foreign Currency	ST	13.20	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (19-Feb-19) 2)CARE D (03-Apr-18)	1)CARE A4 (27-Oct-17) 2)CARE A4; ISSUER NOT COOPERATING* (19-Apr-17)
3.	Non-fund-based - ST-BG/LC	ST	13.20	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (19-Feb-19) 2)CARE D (03-Apr-18)	1)CARE D (27-Oct-17) 2)CARE A4; ISSUER NOT COOPERATING* (19-Apr-17)
4.	Non-fund-based - ST-Proposed non fund based limits	ST	15.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (19-Feb-19) 2)CARE D (03-Apr-18)	1)CARE D (27-Oct-17) 2)CARE A4; ISSUER NOT COOPERATING* (19-Apr-17)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not applicable

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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Gayatri Agro Oil and Food Products
April 29, 2020

Rating

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	12.61	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING; Revised from CARE BB; Stable on the basis of best available information
Total	**12.61 (Rupees Twelve crore and Sixty One lakh only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **Gayatri Agro Oil and Food Products (GAOFP)** to monitor the ratings vide letters/emails dated April 07, 2020, April 09, 2020, April 13, 2020 and numerous phone calls. However, despite our repeated requests, the entity has not provided the requisite information 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 rating on **GAOFP'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 rating.

The revision in the rating takes into account the non- availability of information and no due diligence conducted with the auditor due to non- cooperation by GAOFP with CARE's efforts to undertake a review of the outstanding ratings.

Detailed description of the key rating drivers

At the time of last rating on February 20, 2019 the following were the rating weaknesses and strength.

Key Rating Weaknesses

Relatively small scale of operations with moderate profitability margins: GAOFP is a relatively small player vis-a-vis other players in the extraction and refining of edible grade refined rice bran oil industry marked by total operating income of Rs.70.15crore(Rs.60.28crore in FY16) with a PAT of Rs.0.55crore(Rs.0.36 crore)in FY17. Furthermore, the total capital employed also remained moderate at Rs.26.57crore as on March 31, 2017. Moreover, the firm has reported turnover of Rs.77.00crore in 11MFY18. The profitability margins of the firm remained moderate marked by PBILDT margin of 6.21% (4.69% in FY16) and PAT margin of 0.79% (0.60% in FY16) in FY17.

Vulnerability of its margins due to the presence in the highly volatile agro-commodity business: GAOFP's profitability is highly susceptible to the movement in prices of rice bran. Prices of these agro-commodity products are governed by the demand-supply dynamics prevalent in major crop growing regions, favourable weather condition and prices of substitute edible oils. Domestic production of these crops, in turn, is dependent on area under cultivation, vagaries of monsoon, prices of other crops, minimum support price (MSP) and other incentives offered by Government of India (GOI). Any unprecedented increase in the raw material prices might adversely impact GAOFP's profitability margins.

Working capital intensive nature of business: GAOFP's business operations are working capital intensive in nature. Being in the agro-commodity sector, the company has to keep buffer stock of both the raw materials to get the benefit of price adjustments in the market and carry out its production activities uninterruptedly. Accordingly, the average working capital utilization remained high at around 90% during the last twelve month ending February 28, 2018.

Geographical concentration risk: With operation of the firm being primarily concentrated to a single State, the growth opportunities stands curtailed. Though the manufacturing activity has to be in rice growing areas like Orissa & West Bengal in order to enjoy the cost advantage, the company needs to reach out to newer geographies as regards marketing of its produce in order to capitalise on opportunities available & reap benefits of scale.

Leveraged capital structure and moderate debt coverage indicators: The capital structure of the firm remained leveraged owing to its working capital intensive nature of operations resulting in higher dependence on bank borrowings. The overall gearing ratio remained leverage at 2.71x (2.64x as on March 31, 2016) as on March 31, 2017. The debt coverage indicators also improved and the same remained moderate marked by interest coverage of 2.18x (2.12x in FY16)

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

and total debt to GCA of 8.20x (12.68x in FY16) in FY17. The interest coverage improved in FY17 on account of higher increase in PBILDT level. Furthermore, the total debt to GCA also improved owing to improvement in cash accruals as on March 31, 2017.

Intense competition due to the fragmented nature of the industry: Due to low entry barriers, the Indian edible oil processing segment is highly fragmented and competitive due to presence of various small players. Most of the manufacturers offer similar products with little difference which competes with each other resulting in lower margins for most of the players. Further, availability of varieties of edible oils such as mustard oil, sunflower oil, soya bean oil, etc, which can be substituted for one another also adds to the competition.

Key Rating Strengths

Established brand and experienced partners: The firm is into same line of business since its inception and thus has satisfactory operational track record. The firm sells its products under the brand name 'Shankh' and "Sobha". The said brands are established brands in the State of Odisha, having been into existence for over a decade.Furthermore, the key promoter, Mr.Amit Agrawal (aged about 39 years), has more than a decade of experience in rice mill industry. He will look after the overall management of the company. He will be supported by other partners who also have more than a decade of business experience.

Proximity to raw material and customers: Rice bran, the primary raw material, is sourced from local rice mills. The company does not have any long term supply contract as the same is available in plenty with rice mills operating in areas in proximity to GAOFP's plant. Though the availability shall be an issue in case of poor monsoons resulting in lower cultivation of rice, any tie-up with rice mills for the bran will not be effective in view of lack of availability of paddy. Majority of its finished products is also sold within the State of Odisha. Localised operation helps the firm to minimise transportation cost and enjoy cost advantage vis-a-vis larger players.

Strong growth prospect and favourable demand outlook for edible oil industry: In view of significant health benefits in comparison to other types of edible oils, rising health awareness among Indian consumers and suitable substitute to other types of edible oils like Palm oil, Mustard oil, Soyabean oil, Sunflower oil etc. the growth prospect of the firm in the Indian edible oil industry seems bullish.India is the third largest consumer of edible oil after China and Europe. Demand for edible oil in India has grown over the last ten years. Increasing per capita consumption together with growing population, urbanisation and changing lifestyle will drive the growth in demand for edible oils in future.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Criteria on assigning 'outlook' and 'credit watch'
Rating Methodology-Manufacturing Companies
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments

About the entity
Established in January 2004, Gayatri Agro Oil and Food Products (GAOFP) was promoted by Mr. Amit Agrawal, Mr. Pawan Kumar Agrawal and Ms. Sarita Agrawal. The firm is engaged in the extraction and refining of edible oil (mainly rice bran oil and its by-product de-oiled cake from rice bran) with an edible oil extraction capacity of 200 tonne per day and refining capacity of 50 tonnes per day. The extraction cum refinery plant of the company is located at Kalahandi, Odisha. The firm sells its products under the brand name 'Shankh' and "Sobha" in the state of Odisha.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	60.28	70.15
PBILDT	2.83	4.35
PAT	0.36	0.55
Overall gearing (times)	2.64	2.71
Interest coverage (times)	2.12	2.18

A: Audited;

Status of non-cooperation with previous CRA:

1. India Ratings has placed its ratings under Issuer Not Cooperating category vide its press release dated March 14, 2018 due to non-submission of information by the firm.
2. CRISIL has placed its ratings under Issuer Not Cooperating category vide its press release dated September 30, 2019 due to non-submission of information by the firm.

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	-	-	Nov 2023	3.61	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	9.00	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable; ISSUER NOT COOPERATING* on the basis of best available information

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	3.61	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* (21-Feb-19) 2)CARE BB; Stable (20-Apr-18)	-
2.	Fund-based - LT-Cash Credit	LT	9.00	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* (21-Feb-19) 2)CARE BB; Stable (20-Apr-18)	-

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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Fenasia Limited
April 29, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[22]	Rating Action
Long-term Bank Facilities	7.80	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Stable; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING; Revised from CARE B+; Stable on the basis of best available information
Short-term Bank Facilities	1.70	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING; Based on best available information
Total	**9.50 (Rupees Nine crore and Fifty lakh only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **Fenasia Limited (Fenasia)** to monitor the ratings vide letters/emails dated April 07, 2020, April 09, 2020, April 13, 2020 and numerous phone calls. However, despite our repeated requests, the entity has not provided the requisite information 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 rating on **Fenasia's** bank facilities will now be denoted as **'CARE B-; Stable; ISSUER NOT COOPERATING*/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 rating.

The revision in the rating takes into account the significant decline in cash accruals during FY19 Audited (refers the period from April 01, to March 31). Further due diligence could not be conducted due to non-cooperation by the company.

Moreover, the ratings continue to derive strength from small scale of operation with low profit margins, exposure to volatility in raw/traded materials prices, elongated operating cycle, weak debt coverage indicators and high competition in the industry. The ratings continue to derive strength from experienced promoters, long track record of operations and comfortable capital structure.

Detailed description of the key rating drivers

At the time of last rating on February 05, 2019 the following were the rating weaknesses and strength (Updated the information available from Ministry of Corporate Affairs).

Key Rating Weaknesses

Small scale of operations with low profit margins: The scale of operations of the company remained small marked by total operating income of Rs.42.13 crore (Rs.44.68 crore in FY18), PAT of Rs.0.12 crore (Rs.0.65 crore in FY18) and cash accruals of Rs.0.29 crore (FY18: Rs.0.71 crore) in FY19. Further the total capital employed was also moderate at Rs.15.79 crore as on March 31, 2019. The profitability margins also remained low marked by PBILDT margin of 1.62% and PAT margin of 0.28% in FY19.

Exposure to volatility in raw/traded material prices: The primary raw/traded materials required by Fenasiaare Ethyl Hexyl Acetate/Octyl Acetate, Acrylic Acid, Busan 30L, Butyl Acrylate, Caustic Soda Flakes, Chlorinated Paraffins, Ethyl Cellosolve/Igsol, Sodium Bi-Sulphite, Sodium Bi Sulphite, raw hide, wet blue leather etc. Since, its products are highly commoditized; the prices remain volatile on back of global demand and supply, cheaper imports from other countries, prices of its substitutes and key raw material prices. Hence, the profitability margins of the company could get adversely affected with any sudden spurt in the raw/traded material prices.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

Elongated operating cycle: The operating cycle of the company further elongated and the same remained high at 112 days in FY19 as against 105 days in FY18.

High competition in the industry: The leather chemical industry is highly fragmented with a large number of small to medium scale organized and unorganized players owing to low entry barriers with no visible differentiators in product profile. High competition in the operating spectrum and small size of the company limits the scope for margin expansion.

Key Rating Strengths

Experienced promoters and long track record of operations: Fenasia is into trading of leathers and manufacturing of leather chemicals since 1997 and thus has more than two decades of track record of operations. Being in the same line of business since long period, the promoters have built up established relationship with its clients and the company is deriving benefits out of this. Mr. Naresh Kumar Juneja (aged, 58 years) has more than two decades of experience in the same line of business looks after the day to day operations of the company. He is supported by his wife Mrs. Minnie Juneja, son Mr. Nirvik Juneja.

Comfortable capital structure: The capital structure of the company remained comfortable marked by overall gearing ratio at 0.60x as on March 31, 2019.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Criteria on assigning 'outlook' and 'credit watch'
Rating Methodology - Wholesale Trading
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments

About the entity

West Bengal based Fenasia Limited (Fenasia), an Indo-Italian Joint Venture Company, incorporated in January 1997 was promoted by Mr. Naresh Kumar Juneja, Mrs. Minnie Juneja and Mr. Nirvik Juneja. Since its inception, Fenasia has been engaged in trading of leathers like Ksh Cow Big Croco, Black Buff Nappa, Black Buff NDM, Black Buff Shrunken etc. Apart from trading activities, the company is also engaged in manufacturing of leather finishing chemicals which are used in paint, textile, print lamination, packaging and footwear industries. The manufacturing facility of the company is located at Hooghly, West Bengal with an installed capacity of 3900 metric tonnes per annum (MTPA). The manufacturing facility of the company has an ISO 9001:2008 certification which enables wide acceptance of its products in the market. The company procures its entire raw materials from domestic market whereas it sells its products both in the domestic as well as international market. The major export destinations of the company are China, Bangladesh, Nepal, Sri Lanka, UAE, Hong Kong, Kenya, Spain, Taiwan, Pakistan, Uganda and Egypt.

Brief Financials (Rs. crore)	FY18(A)	FY19 (A)
Total operating income	44.68	42.13
PBILDT	-0.03	0.68
PAT	0.65	0.12
Overall gearing (times)	0.63	0.60
Interest coverage (times)	-0.03	0.88

A: Audited;

Status of non-cooperation with previous CRA: Non Cooperation from ACUITE Ratings as per its press release dated December 13, 2018.

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	-	-	-	7.80	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based/Non-fund-based-Short Term	-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-PC/Bill Discounting	-	-	-	0.70	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	7.80	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (05-Feb-19)	1)CARE B+; Stable (09-Feb-18)
2.	Fund-based/Non-fund-based-Short Term	ST	1.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (05-Feb-19)	1)CARE A4 (09-Feb-18)
3.	Fund-based - ST-PC/Bill Discounting	ST	0.70	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based	-	-	1)CARE A4; ISSUER NOT COOPERATING* (05-Feb-19)	1)CARE A4 (09-Feb-18)

				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. Investors/market intermediaries/regulators or others are welcome to write to 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.

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