CARE RATINGS PRESS RELEASE

May 22, 2020

Name Of The Company	Instruments	Rating	Amount (Rs.Cr.)
Akhilagya Solar Energy Private Limited	Bank Facilities	CARE BBB+ (CE); Stable*	72.26
Abha Sunlight Private Limited	Bank Facilities	CARE BBB+ (CE); Stable*	68.19
Nokor Solar Energy Private Limited	Bank Facilities	CARE BBB+ (CE); Stable*	69
Dilip Buildcon Limited	NCD	CARE A; Stable	300
Khurana Coal Sales	Bank Facilities	CARE B-; Stable; / CARE A4; ISSUER NOT COOPERATING* [Revised from CARE B; Stable;]	5.80
The Rajlakshmi Cotton Mills Private Limited	Bank Facilities	CARE BBB-; Negative/ CARE A3 [Outlook revised from Stable]	84
Sai Industries Private Limited	Bank Facilities	CARE BBB-; Negative/ CARE A3 [Outlook revised from Stable]	25.70
Technico Industries Limited	Bank Facilities	CARE BB+; Stable/ CARE A4+ [Revised from CARE BBB-; Negative/ CARE A3]	182.48
South India Finvest Private Limited	Bank Facilities	Withdrawn	---
Hindalco Industries Limited	Bank Facilities NCD CP	CARE AA+; Negative /CARE A1+ CARE AA+; Negative [Outlook revised from Stable] CARE A1+ [Reaffirmed]	23913.12 6000 1000
M.S.R Iron & Steel Industries India Private Limited	Bank Facilities	CARE B+; / CARE A4; ISSUER NOT COOPERATING* [Revised from CARE BB-; Stable;]	40
Momai Apparels Limited	Bank Facilities	Withdrawn	---
Ramesh Iron & Steel Company India Private Limited	Bank Facilities	CARE B+; / CARE A4; ISSUER NOT COOPERATING* [Revised from CARE BB-; Stable]	110
Technorings	Bank Facilities	CARE BB+; Stable [Revised from CARE BBB-; Stable]	5.85
Aussee Oats India Limited	Bank Facilities	CARE A- (CE) / CARE A2+ (CE) [Revised from CARE A (CE)/CARE A1 (CE)] CARE A- (CE) */ CARE A2+ (CE) [Revised from Provisional CARE A (CE)/ CARE A1 (CE)]	8 3
A. G. Enterprise	Bank Facilities	CARE B+; Stable; / CARE A4; ISSUER NOT COOPERATING* [Revised from CARE BB-; Stable]	91.80
Shantamani Enterprise	Bank Facilities	CARE B+; Stable; / CARE A4; ISSUER NOT COOPERATING* [Revised from CARE BB-; Stable]	71.40
Diamond Polymers	Bank Facilities	CARE B; Stable; ISSUER NOT COOPERATING* [Revised from CARE B+; Stable;]	5.12
A & T Infracon Private Limited	Bank Facilities	CARE BB-; Stable; / CARE A4; ISSUER NOT COOPERATING* [Revised from CARE BB; Stable;]	14
Revashankar Gems Limited	Bank Facilities	CARE B; Stable ISSUER NOT COOPERATING* [Revised from CARE BB; Stable;]	40

Jagath Milk Dairy	Bank Facilities	CARE C; Stable ISSUER NOT COOPERATING* [Revised from CARE B+; Stable]	9.87
M.P.K. Ispat India Private Limited	Bank Facilities	CARE D; ISSUER NOT COOPERATING*	26.70
M.P.K. Steels India Private Limited	Bank Facilities	CARE D; ISSUER NOT COOPERATING*	22.92

*Provisional Rating

CARE has classified instruments rated by it on the basis of complexity. This classification is available atwww.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.

Akhilagya Solar Energy Private Limited
May 22, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank Facilities	**72.26**	**Provisional CARE BBB+ (CE); Stable [Provisional Triple B Plus (Credit Enhancement); Outlook: Stable)***	**Assigned**
Total Facilities	**72.26 (Rupees Seventy two crore and twenty six lakh only)**		

Details of instruments/facilities in Annexure-1
*backed by credit enhancement in the form of proposed unconditional and irrevocable corporate guarantee from Renew Solar Power Pvt Ltd (RSPPL). Rating assigned is provisional and shall be confirmed upon execution of Corporate Guarantee along with other relevant financing documents to the satisfaction of CARE Ratings Ltd.

Unsupported Rating [2]	**CARE BBB, Triple B)**

Note: Unsupported rating does not factor in explicit credit enhancement

Detailed Rationale & Key Rating Drivers
The rating assigned to the bank facilities of Akhilagya Solar Energy Pvt Ltd (ASEPL) is backed by proposed unconditional and irrevocable corporate guarantee from Renew Solar Power Pvt Ltd (RSPPL; rated CARE A; Stable). However, the corporate guarantee may be released by the lenders upon satisfaction of following conditions:

a. Entire promoter contribution towards the promoter contribution amount as envisaged under the financing plan has been brought in/ contributed;
b. Achievement of COD of the project including commissioning of the entire DC capacity of the project;
c. Creation and perfection of the Security stipulated;
d. Creation of DSRA as stipulated;
e. Satisfactory operations as per the base case plan for a period of 2 financial years post expiry of the moratorium period.

Additionally, as per the proposed terms, the CG will not automatically fall off and may be released on the written instructions of the rupee lenders upon achievement of the above conditions to the satisfaction of the rupee lenders.
Furthermore, the above ratings are provisional and will be confirmed once the company executes various agreements to the satisfaction of CARE and shares copy with CARE as mentioned below:

a. Deed of Corporate Guarantee
b. Other financing agreements including Facility Agreement, TRA etc. in connection to Deed of Corporate Guarantee

The ratings assigned also factors in experienced and resourceful promoters viz Renew Power Private Limited (rated CARE A+; Stable, CARE A1+) promoted by strong investors with majority shareholding with Goldman Sachs, long term off-take arrangement through Power Purchase Agreement (PPA) with Bangalore Electricity Supply Company (BESCOM) for the entire capacity, successful commissioning of entire capacity, moderately comfortable debt coverage indicators and proposed Debt Service Reserve Account (DSRA) covering two quarters of debt servicing obligations.
The ratings are, however, constrained by stabilization risks as the project is recently commissioned, short track record of operations of the project of around 5 months, interest rate fluctuation risk and exposure to climatic conditions and technological risks.

Key Rating Sensitivities
<u>Positive Factors</u>

- Achievement of generation at in-line or better than P-90 levels (26.48% for 1st full year of operations) on sustainable basis
- Timely receipt of payments from the off-taker viz. BESCOM for the project from invoice date with debtor cycle of 30 days or less on sustainable basis

<u>Negative Factors</u>

- Significantly lower than envisaged CUF levels (26.48% for 1st full year of operations) of the project leading to deterioration in debt coverage indicators

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*
[2] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019*

- Delay in receipt of payments from the off-taker viz. BESCOM leading to elongation in receivable cycle to more than 6 months impacting the overall liquidity profile of the company.
- Inability of the SPV to meet required covenants as per the sanctioned terms leading to breach in terms of financing agreements including timely creation and maintenance of DSRA
- Deterioration in credit risk profile of off-taker viz. BESCOM
- Deterioration in credit risk profile of guarantor viz. RSPPL
- Non-receipt/delay in promoter support in case of meeting any cash flow mismatch requirements
- Non-compliance with the Financial Covenants as per the facility agreement

Detailed description of the key rating drivers
Key Rating Strengths
Corporate Guarantee from RSSPL: As per the proposed Corporate Guarantee (CG), RSPPL unconditionally and irrevocably guarantees and undertake that in the event the borrower is unable to meet its Secured obligations (i.e. all amounts payable or reimbursable by the borrower to all or any other rupee lender pursuant to the terms of the financing documents and all other present and future obligations and liabilities of the borrower to the secured parties under the financing documents) and pay/repay/reimburse the rupee lenders, such amounts as and when they fall due as per and in terms of the financing documents, RSPPL shall meet and discharge the Secured Obligations, from time to time.
The rupee lenders may permit the release of CG after the fulfillment of the conditions mentioned above. However, the CG shall not automatically fall off and may be released by the rupee lenders upon satisfaction of the above conditions to the satisfaction of the rupee lenders, whereupon the Security Trustee shall upon receipt of written instructions from the rupee lenders so release the Deed of Corporate Guarantee.

Experienced and Resourceful Promoters, with track record in setting up and operating renewable power projects: ASEPL is a wholly owned subsidiary of Renew Solar Power Private Limited (RSPPL). Renew Solar Power Private Limited (RSPPL), incorporated in June 2012, is a wholly owned subsidiary promoted by Renew Power Private Limited (RPPL, erstwhile Renew Power Limited, rated CARE A+; Stable/CARE A1+). RSPPL has been set up for developing and holding solar power projects (excluding rooftop projects) directly or through its subsidiaries. As on January, 2020, RSPPL has operational solar power capacity of 2081 MW spread over Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan and Telangana. In addition, RSPPL has 1515 MW of solar power projects under implementation or in planning stage, in the states of Rajasthan, Gujarat and Uttar Pradesh, which are expected to become operational in the current and upcoming financial years in phases.
RPPL, one of the leading players in the renewable power sector in India which was founded by Mr. Sumant Sinha in 2011 with single largest equity stake held by Goldman Sachs group along with other key investors such as Canada Pension Plan Investment Board (CPPIB), Abu Dhabi Investment Authority (ADIA), Jera Power and South Asia Clean Energy Fund (SACEF). The Goldman Sachs group, through its investment arm, GS Wyvern Holdings Limited (GSH), has been making significant equity investment in RPPL since FY12 and is the majority shareholder. Subsequently, other investors, SACEF, ADIA (through its arm Green Rock A 2014 Ltd), JERA and CPPIB have made significant investment and also GSH has participated in further rounds of equity fund raising by the company. Recently, in June 2019, RPPL raised fresh equity of USD 300 million (~Rs.2100 cr) through rights issue with three of the existing investors participating. The company has expanded its capacity significantly to become one of the largest renewable energy company in India. As on January 2020, RPPL has operational capacity of 5.33 GW (61% - Wind, 39% - Solar), majority of which have tied-up long-term PPAs. In addition, Renew has about 2.60 GW of power projects under implementation or in planning stage.

Successful commissioning of entire capacity: The 20 MW of capacity was fully commissioned on Oct 31, 2019 against the scheduled commissioning date of Nov 03, 2019. With the commissioning of entire capacity, execution risk is mitigated.

Long-term off-take arrangements with BESCOM: The Company has entered into a 25 year Power Purchase Agreements (PPA) with BESCOM for the entire capacity at a fixed tariff of Rs.3.19 per unit.

Moderately Comfortable debt coverage indicators: The door to door tenor of the term loan is 18 years including construction period of six months and moratorium period of six months. However as per the sanctioned terms, there is a put option after 10 years which if exercised, the borrower will have to arrange funds to refinance the balance outstanding funds. Nevertheless, the coverage indicators are expected to be moderately comfortable. The debt repayments are yet to start.
Additionally, as per the sanctioned terms, the company has to maintain a Debt Service Reserve Account (DSRA) comprising of 2 quarter interest and principal repayments. DSRA of one quarter of debt servicing has to be created from promoters funds. The remaining one quarter DSRA is to be created out of project cash flows.

Industry Outlook: The Government's thrust on augmenting the share of solar energy; in India's overall power mix is reflected in its various policy initiatives (Viability Gap Funding Scheme, Renewable Purchase Obligations (RPO) on state discoms, development of solar parks under Solar Park scheme etc.). However, solar power generation capacity additions during FY19 and FY20 were muted on account of imposition of safeguard duty on import of solar modules, lack of clarity with respect to GST rate on solar modules and cancellation of a large number of solar auctions. However, looking at the already allotted capacity and the Government's push for achieving targeted solar capacity of 100 GW by end-FY22, capacity additions are likely to improve over the next two to three years. Solar projects benefit from relatively lower execution risks, stable long term revenue visibility with off take arrangements at a fixed tariff (for most PPAs with Government counterparties), minimal O&M requirements, tariffs comparable to conventional power generation, must-run status accorded by the Government and recent upward revisions in solar RPO 3 CARE Ratings Limited Press Release achievement targets. However, there are concerns like increasing difficulties in land acquisition, inadequate grid connectivity on account of poor evacuation infrastructure, relatively lesser track record of technology in Indian conditions, lack of stricter RPO enforcement by the state regulators, substantial dependence on imported solar cells and modules, regulatory uncertainties in terms of possible renegotiation of tariffs in concluded PPAs and cancellation of concluded auctions, weak financial risk profile of discoms with significant delays in payment by a few state discoms, and increased difficulties in debt tie-up. There has been disruption in the sector especially for under construction projects where completion timelines are negatively impacted because of on-going spread of COVID-19 pandemic which has led to government taking various steps including national level lockdowns. Nonetheless, the Government's aforesaid impetus to the sector, besides utilizing its strong energy institutions like SECI and NTPC as interfacing counterparties for the solar project developers serves to offset the risks, thereby resulting in a stable outlook. Going forward, the key monitorables would be gradual pick-up in power demand, volatility in prices of solar modules, performance of the modules in Indian conditions, developments in claim of off-takers for renegotiated PPAs, modalities of compensation for safeguard duty under change in law, payment pattern of off-takers given the cash flow position have been negatively impacted given national level lockdowns, imposition of any anti-dumping duty by India to safeguard domestic solar module manufacturers, capacity additions of rooftop solar and overall regulatory stance regarding the sector.

Key Rating Weaknesses

Limited operational track record: The project was commissioned in Oct 31, 2019 and has five months of track record of operations till March 2020. Since commissioning till March 2020, the plant has achieved lower CUF than the estimated P-90 CUF of 26.48% mainly on account of initial stabilization issues. However, the generation levels have improved significantly in the month of March 2020. Due to non-availability of Joint Monitoring Report the invoices for the units sold to discom are yet to be raised. Nevertheless, going forward, achievement of envisaged CUF and timely receipt of payments from discom would be crucial from cash flow perspective.

Interest Rate Fluctuation Risk: The term loan availed will be at floating rate of interest and will be reset at the end of 1 year from COD and annually thereafter. However, as per the PPA, the tariff for off-take arrangement of the power is fixed, thereby, exposing the SPVs to risk of any change in its cost factors. The interest cost being the primary cost component on cash basis, any adverse movement in interest rate would impact the overall debt-servicing ability of the SPVs.

Exposure to technology and climatic risks: The Company has used poly crystalline PV technology, which has a proven history worldwide, suffers relatively lower degradation and requires lesser land leading to reduction in the Balance of Systems (BoS) cost. However, achievement of desired CUF going forward would be subject to changes in climatic conditions, amount of degradation of modules as well as other technological risks.

Liquidity: Adequate

As per the sanctioned terms, the company has to create 2 quarter of DSRA with first quarter DSRA to be created from promoters fund and subsequent 2nd quarter DSRA to be created out of project cash flows within 12 months of COD. The DSRA is yet to be created.

The company has debt repayment obligations of Rs.1.45 crore and Rs.2.63 crore as against projected GCA of Rs.6.79 crore and Rs.5.51 crore in FY21 and FY22, respectively.

Analytical approach: Credit Enhancement in the form of proposed unconditional and irrevocable corporate guarantee from Renew Solar Power Private Limited. The proposed Corporate Guarantee shall remain operative at all the times till the above mentioned conditions are satisfied to the satisfaction of the lenders.

For unsupported rating: Standalone

Applicable Criteria

CARE's methodology for Infrastructure sector ratings

Criteria on assigning Outlook and Credit Watch to Credit Ratings

Rating Methodology-Consolidation & Factoring Linkages in Ratings
Criteria for Rating Credit Enhanced Debt
Policy on Assignment of Provisional Ratings
CARE's Policy on Default Recognition
Rating Methodology: Solar Power Projects
CARE's methodology for private power producers
Financial Ratios – Non-Financial Sector

About the Company
Akhilagya Solar Energy Private Limited (ASEPL) is a Special Purpose Vehicle (SPV) incorporated in March 2018 by Renew Solar Power Private Limited (RSPPL; rated CARE A; Stable) in order to implement 20 MW solar power project in the state of Karnataka. The project was commissioned on October 31, 2019.
The company is supplying power from the entire 20 MW capacity at a fixed tariff of Rs. 3.19/kWh to BESCOM under a 25-year Power Purchase Agreement (PPA), signed on March 26, 2018.

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

Brief Financials: Not Meaningful as the project is recently commissioned

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	-	-	June 2037	72.26	Provisional CARE BBB+ (CE); Stable
Un Supported Rating-Un Supported Rating (Long Term)	-	-	-	0.00	CARE BBB

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	72.26	Provisional CARE BBB+ (CE); Stable	-	-	-	-
2.	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE BBB	-	-	-	-

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

Details of instrument – Bank Facility	Detailed explanation
A. Financial covenants (proposed)	• Minimum Fixed Asset Coverage ratio of 1.25 • Minimum Debt Service Coverage Ratio of 1.15 • Minimum interest Coverage ratio as per base case business plan or 1.75 whichever is lower • Long Term Debt/EBITDA as per base case business plan or 4:1, whichever is higher
B. Non-financial covenants (proposed)	The Borrower(s) shall give 60 days prior notice to the Bank for undertaking any of the following activities to enable the Bank to take a view. 1. Investment by way of share capital or Loan or Advance funds to or Place deposits with any other concern (including group companies). 2. Issuing any guarantee or Letter of Comfort in the nature of guarantee on behalf of any other company (including group companies). 3. Transfer of controlling interest or making any drastic change in the management set-up including resignation of promoter directors (includes key managerial personnel). 4. Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans /advances. If, in the opinion of the Bank, the move contemplated by the borrower is not in the interest of the Bank, the Bank will have the right of veto for the activity. Should the borrower still go ahead, despite the veto, the Bank shall have the right to call up the facilities sanctioned.

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**

Abha Sunlight Private Limited
May 22, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[3]	Rating Action
Long term Bank Facilities	68.19	Provisional CARE BBB+ (CE); Stable [Provisional Triple B Plus (Credit Enhancement); Outlook: Stable)*	Assigned
Total Facilities	68.19 (Rupees Sixty eight crore and nineteen lakh only)		

Details of instruments/facilities in Annexure-1
*backed by credit enhancement in the form of proposed unconditional and irrevocable corporate guarantee from Renew Solar Power Pvt Ltd (RSPPL). Rating assigned is provisional and shall be confirmed upon execution of Corporate Guarantee along with other relevant financing documents to the satisfaction of CARE Ratings Ltd.

Unsupported Rating [4]	**CARE BBB, Triple B)**

Note: Unsupported rating does not factor in explicit credit enhancement

Detailed Rationale & Key Rating Drivers
The rating assigned to the bank facilities of Abha Sunlight Pvt Ltd (ASPL) is backed by proposed unconditional and irrevocable corporate guarantee from Renew Solar Power Pvt Ltd (RSPPL; rated CARE A; Stable). However, the corporate guarantee may be released by the lenders upon satisfaction of following conditions:

f. Entire promoter contribution towards the promoter contribution amount as envisaged under the financing plan has been brought in/ contributed;
g. Achievement of COD of the project including commissioning of the entire DC capacity of the project;
h. Creation and perfection of the Security stipulated;
i. Creation of DSRA as stipulated;
j. Satisfactory operations as per the base case plan for a period of 2 financial years post expiry of the moratorium period.

Additionally, as per the proposed terms, the CG will not automatically fall off and may be released on the written instructions of the rupee lenders upon achievement of the above conditions to the satisfaction of the rupee lenders.
Furthermore, the above ratings are provisional and will be confirmed once the company executes various agreements to the satisfaction of CARE and shares copy with CARE as mentioned below:

c. Deed of Corporate Guarantee
d. Other financing agreements including Facility Agreement, TRA etc. in connection to Deed of Corporate Guarantee

The ratings assigned also factors in experienced and resourceful promoters viz Renew Power Private Limited (rated CARE A+; Stable, CARE A1+) promoted by strong investors with majority shareholding with Goldman Sachs, long term off-take arrangement through Power Purchase Agreement (PPA) with Chamundeshwari Electricity Supply Company (CESCOM) for the entire capacity, successful commissioning of entire capacity, moderately comfortable debt coverage indicators and proposed Debt Service Reserve Account (DSRA) covering two quarters of debt servicing obligations.
The ratings are, however, constrained by stabilization risks as the project is recently commissioned, short track record of operations of the project of around 5 months, moderate risk profile of the off-taker, interest rate fluctuation risk and exposure to climatic conditions and technological risks.

Key Rating Sensitivities
<u>Positive Factors</u>

- Achievement of generation at in-line or better than P-90 levels (26.11% for 1st full year of operations) on sustainable basis
- Timely receipt of payments from the off-taker viz. CESCOM for the project from invoice date with debtor cycle of 30 days or less on sustainable basis

<u>Negative Factors</u>

- Significantly lower than envisaged CUF levels (26.11% for 1st full year of operations) of the project leading to deterioration in debt coverage indicators

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*
[4] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019*

- Delay in receipt of payments from the off-taker viz. CESCOM leading to elongation in receivable cycle to more than 6 months impacting the overall liquidity profile of the company.
- Inability of the SPV to meet required covenants as per the sanctioned terms leading to breach in terms of financing agreements including timely creation and maintenance of DSRA
- Deterioration in credit risk profile of off-taker viz. CESCOM
- Deterioration in credit risk profile of guarantor viz. RSPPL
- Non-receipt/delay in promoter support in case of meeting any cash flow mismatch requirements
- Non-compliance with the Financial Covenants as per the facility agreement

Detailed description of the key rating drivers
Key Rating Strengths
Corporate Guarantee from RSSPL: As per the proposed Corporate Guarantee (CG), RSPPL unconditionally and irrevocably guarantees and undertake that in the event the borrower is unable to meet its Secured obligations (i.e. all amounts payable or reimbursable by the borrower to all or any other rupee lender pursuant to the terms of the financing documents and all other present and future obligations and liabilities of the borrower to the secured parties under the financing documents) and pay/repay/reimburse the rupee lenders, such amounts as and when they fall due as per and in terms of the financing documents, RSPPL shall meet and discharge the Secured Obligations, from time to time.
The rupee lenders may permit the release of CG after the fulfillment of the conditions mentioned above. However, the CG shall not automatically fall off and may be released by the rupee lenders upon satisfaction of the above conditions to the satisfaction of the rupee lenders, whereupon the Security Trustee shall upon receipt of written instructions from the rupee lenders so release the Deed of Corporate Guarantee.

Experienced and Resourceful Promoters, with track record in setting up and operating renewable power projects: ASPL is a wholly owned subsidiary of Renew Solar Power Private Limited (RSPPL). Renew Solar Power Private Limited (RSPPL), incorporated in June 2012, is a wholly owned subsidiary promoted by Renew Power Private Limited (RPPL, erstwhile Renew Power Limited, rated CARE A+; Stable/CARE A1+). RSPPL has been set up for developing and holding solar power projects (excluding rooftop projects) directly or through its subsidiaries. As on January, 2020, RSPPL has operational solar power capacity of 2081 MW spread over Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan and Telangana. In addition, RSPPL has 1515 MW of solar power projects under implementation or in planning stage, in the states of Rajasthan, Gujarat and Uttar Pradesh, which are expected to become operational in the current and upcoming financial years in phases.
RPPL, one of the leading players in the renewable power sector in India which was founded by Mr. Sumant Sinha in 2011 with single largest equity stake held by Goldman Sachs group along with other key investors such as Canada Pension Plan Investment Board (CPPIB), Abu Dhabi Investment Authority (ADIA), Jera Power and South Asia Clean Energy Fund (SACEF). The Goldman Sachs group, through its investment arm, GS Wyvern Holdings Limited (GSH), has been making significant equity investment in RPPL since FY12 and is the majority shareholder. Subsequently, other investors, SACEF, ADIA (through its arm Green Rock A 2014 Ltd), JERA and CPPIB have made significant investment and also GSH has participated in further rounds of equity fund raising by the company. Recently, in June 2019, RPPL raised fresh equity of USD 300 million (~Rs.2100 cr) through rights issue with three of the existing investors participating. The company has expanded its capacity significantly to become one of the largest renewable energy company in India. As on January 2020, RPPL has operational capacity of 5.33 GW (61% - Wind, 39% - Solar), majority of which have tied-up long-term PPAs. In addition, Renew has about 2.60 GW of power projects under implementation or in planning stage.

Successful commissioning of entire capacity: The 20 MW of capacity was fully commissioned on Nov 08, 2019 against the scheduled commissioning date of Nov 03, 2019. There were slight delays in commissioning of the projects on account of extended monsoon in the region where the project were been executed. Nevertheless, with the commissioning of entire capacity, execution risk is mitigated.

Long-term off-take arrangements with CESCOM: The Company has entered into a 25 year Power Purchase Agreements (PPA) with CESCOM for the entire capacity at a fixed tariff of Rs.3.21 per unit.

Moderately Comfortable debt coverage indicators: The proposed door to door tenor of the term loan is 18 years including construction period of six months and moratorium period of six months. However as per the proposed sanctioned terms, there is a put option after 10 years which if exercised, the borrower will have to arrange funds to refinance the balance outstanding funds. Nevertheless, the coverage indicators are expected to be moderately comfortable. The debt repayments are yet to start.
Additionally, as per the proposed sanctioned terms, the company has to maintain a Debt Service Reserve Account (DSRA) comprising of 2 quarter interest and principal repayments. DSRA of one quarter of debt servicing has to be created from promoters funds. The remaining one quarter DSRA is to be created out of project cash flows.

Industry Outlook: The Government's thrust on augmenting the share of solar energy; in India's overall power mix is reflected in its various policy initiatives (Viability Gap Funding Scheme, Renewable Purchase Obligations (RPO) on state discoms, development of solar parks under Solar Park scheme etc.). However, solar power generation capacity additions during FY19 and FY20 were muted on account of imposition of safeguard duty on import of solar modules, lack of clarity with respect to GST rate on solar modules and cancellation of a large number of solar auctions. However, looking at the already allotted capacity and the Government's push for achieving targeted solar capacity of 100 GW by end-FY22, capacity additions are likely to improve over the next two to three years. Solar projects benefit from relatively lower execution risks, stable long term revenue visibility with off take arrangements at a fixed tariff (for most PPAs with Government counterparties), minimal O&M requirements, tariffs comparable to conventional power generation, must-run status accorded by the Government and recent upward revisions in solar RPO 3 CARE Ratings Limited Press Release achievement targets. However, there are concerns like increasing difficulties in land acquisition, inadequate grid connectivity on account of poor evacuation infrastructure, relatively lesser track record of technology in Indian conditions, lack of stricter RPO enforcement by the state regulators, substantial dependence on imported solar cells and modules, regulatory uncertainties in terms of possible renegotiation of tariffs in concluded PPAs and cancellation of concluded auctions, weak financial risk profile of discoms with significant delays in payment by a few state discoms, and increased difficulties in debt tie-up. There has been disruption in the sector especially for under construction projects where completion timelines are negatively impacted because of on-going spread of COVID-19 pandemic which has led to government taking various steps including national level lockdowns. Nonetheless, the Government's aforesaid impetus to the sector, besides utilizing its strong energy institutions like SECI and NTPC as interfacing counterparties for the solar project developers serves to offset the risks, thereby resulting in a stable outlook. Going forward, the key monitorables would be gradual pick-up in power demand, volatility in prices of solar modules, performance of the modules in Indian conditions, developments in claim of off-takers for renegotiated PPAs, modalities of compensation for safeguard duty under change in law, payment pattern of off-takers given the cash flow position have been negatively impacted given national level lockdowns, imposition of any anti-dumping duty by India to safeguard domestic solar module manufacturers, capacity additions of rooftop solar and overall regulatory stance regarding the sector.

Key Rating Weaknesses

Limited operational track record: The project was commissioned in Nov 08, 2019 and has five months of track record of operations till March 2020. Since commissioning till March 2020, the plant has achieved lower CUF than the estimated P-90 CUF of 26.11% mainly on account of initial stabilization issues. However, the generation levels have improved significantly from the month of February 2020. Payment track record for the project is yet to be established as the company has not yet received the first payment from discom. Nevertheless, going forward, achievement of envisaged CUF and timely receipt of payments from discom would be crucial from cash flow perspective.

Moderate risk profile of the off-taker: The Company is exposed to credit risk related to sole off-taker CESCOM, which has a moderate financial risk profile though payment track pattern is yet to be established for the project.

Interest Rate Fluctuation Risk: The term loan to be availed will be at floating rate of interest and will be reset at the end of 1 year from COD and annually thereafter. However, as per the PPA, the tariff for off-take arrangement of the power is fixed, thereby, exposing the SPVs to risk of any change in its cost factors. The interest cost being the primary cost component on cash basis, any adverse movement in interest rate would impact the overall debt-servicing ability of the SPVs.

Exposure to technology and climatic risks: The Company has used poly crystalline PV technology, which has a proven history worldwide, suffers relatively lower degradation and requires lesser land leading to reduction in the Balance of Systems (BoS) cost. However, achievement of desired CUF going forward would be subject to changes in climatic conditions, amount of degradation of modules as well as other technological risks.

Liquidity: Adequate

As per the proposed sanctioned terms, the company has to create 2 quarter of DSRA with first quarter DSRA to be created from promoters fund and subsequent 2nd quarter DSRA to be created out of project cash flows within 12 months of COD. The DSRA is yet to be created.

The proposed debt repayment obligations are in the range to Rs. 2 cr to Rs. 2.6 cr as against projected GCA of Rs.6.78 crore and Rs.5.64 crore in FY21 and FY22 respectively.

Analytical approach: Credit Enhancement in the form of proposed unconditional and irrevocable corporate guarantee from Renew Solar Power Private Limited. The proposed Corporate Guarantee shall remain operative at all the times till the above mentioned conditions are satisfied to the satisfaction of the lenders.

For unsupported rating: Standalone

Applicable Criteria
CARE's methodology for Infrastructure sector ratings
Criteria on assigning Outlook and Credit Watch to Credit Ratings
Rating Methodology-Consolidation & Factoring Linkages in Ratings
Criteria for Rating Credit Enhanced Debt
Policy on Assignment of Provisional Ratings
CARE's Policy on Default Recognition
Rating Methodology: Solar Power Projects
CARE's methodology for private power producers
Financial Ratios – Non-Financial Sector

About the Company
Abha Sunlight Energy Private Limited (ASPL) is a Special Purpose Vehicle (SPV) incorporated in March 2018 by Renew Solar Power Private Limited (RSPPL; rated CARE A+ (CE); Stable/ CARE A1+ (CE), Unsupported rating of CARE A) in order to implement 20 MW solar power project in the state of Karnataka. The project was commissioned on November 08, 2019.
The company is supplying power from the entire 20 MW capacity at a fixed tariff of Rs. 3.21/kWh to CESCOM under a 25-year Power Purchase Agreement (PPA), signed on March 24, 2018.

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

Brief Financials: Not Meaningful as the project is recently commissioned

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	-	-	June 2037	68.19	Provisional CARE BBB+ (CE); Stable
Un Supported Rating-Un Supported Rating (Long Term)	-	-	-	0.00	CARE BBB

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	68.19	Provisional CARE BBB+ (CE); Stable	-	-	-	-
2.	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE BBB	-	-	-	-

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

Details of instrument – Bank Facility	Detailed explanation
A. Financial covenants (proposed)	• Minimum Fixed Asset Coverage ratio of 1.25 • Minimum Debt Service Coverage Ratio of 1.15 • Minimum interest Coverage ratio as per base case business plan or 1.75 whichever is lower • Long Term Debt/EBITDA as per base case business plan or 4:1, whichever is higher
B. Non-financial covenants (proposed)	The Borrower(s) shall give 60 days prior notice to the Bank for undertaking any of the following activities to enable the Bank to take a view. 5. Investment by way of share capital or Loan or Advance funds to or Place deposits with any other concern (including group companies). 6. Issuing any guarantee or Letter of Comfort in the nature of guarantee on behalf of any other company (including group companies). 7. Transfer of controlling interest or making any drastic change in the management set-up including resignation of promoter directors (includes key managerial personnel). 8. Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans /advances. If, in the opinion of the Bank, the move contemplated by the borrower is not in the interest of the Bank, the Bank will have the right of veto for the activity. Should the borrower still go ahead, despite the veto, the Bank shall have the right to call up the facilities sanctioned.

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**

Nokor Solar Energy Private Limited

May 22, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[5]	Rating Action
Long term Bank Facilities	69.00	Provisional CARE BBB+ (CE); Stable [Provisional Triple B Plus (Credit Enhancement); Outlook: Stable)*	Assigned
Total Facilities	69.00 (Rupees Sixty nine crore only)		

Details of instruments/facilities in Annexure-1

*backed by credit enhancement in the form of proposed unconditional and irrevocable corporate guarantee from Renew Solar Power Pvt Ltd (RSPPL). Rating assigned is provisional and shall be confirmed upon execution of Corporate Guarantee along with other relevant financing documents to the satisfaction of CARE Ratings Ltd.

Unsupported Rating [6]	CARE BBB, Triple B)

Note: Unsupported rating does not factor in explicit credit enhancement

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Nokor Solar Energy Pvt Ltd (NSEPL) is backed by proposed unconditional and irrevocable corporate guarantee from Renew Solar Power Pvt Ltd (RSPPL; rated CARE A; Stable). However, the corporate guarantee may be released by the lenders upon satisfaction of following conditions:

k. Entire promoter contribution towards the promoter contribution amount as envisaged under the financing plan has been brought in/ contributed;
l. Achievement of COD of the project including commissioning of the entire DC capacity of the project;
m. Creation and perfection of the Security stipulated;
n. Creation of DSRA as stipulated;
o. Satisfactory operations as per the base case plan for a period of 2 financial years post expiry of the moratorium period.

Additionally, as per the proposed terms, the CG will not automatically fall off and may be released on the written instructions of the rupee lenders upon achievement of the above conditions to the satisfaction of the rupee lenders.

Furthermore, the above ratings are provisional and will be confirmed once the company executes various agreements to the satisfaction of CARE and shares copy with CARE as mentioned below:

e. Deed of Corporate Guarantee
f. Other financing agreements including Facility Agreement, TRA etc. in connection to Deed of Corporate Guarantee

The ratings assigned also factors in experienced and resourceful promoters viz Renew Power Private Limited (rated CARE A+; Stable, CARE A1+) promoted by strong investors with majority shareholding with Goldman Sachs, long term off-take arrangement through Power Purchase Agreement (PPA) with Bangalore Electricity Supply Company (BESCOM) for the entire capacity, successful commissioning of entire capacity, moderately comfortable debt coverage indicators and proposed Debt Service Reserve Account (DSRA) covering two quarters of debt servicing obligations.

The ratings are, however, constrained by stabilization risks as the project is recently commissioned, short track record of operations of the project of around 5 months, interest rate fluctuation risk and exposure to climatic conditions and technological risks.

Key Rating Sensitivities

Positive Factors

- Achievement of generation at in-line or better than P-90 levels (26.02% for 1st full year of operations) on sustainable basis
- Timely receipt of payments from the off-taker viz. BESCOM for the project from invoice date with debtor cycle of 30 days or less on sustainable basis

Negative Factors

- Significantly lower than envisaged CUF levels (26.02% for 1st full year of operations) of the project leading to deterioration in debt coverage indicators
- Delay in receipt of payments from the off-taker viz. BESCOM leading to elongation in receivable cycle to more than 6 months impacting the overall liquidity profile of the company.

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

[6] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019*

- Inability of the SPV to meet required covenants as per the sanctioned terms leading to breach in terms of financing agreements including timely creation and maintenance of DSRA
- Deterioration in credit risk profile of off-taker viz. BESCOM
- Deterioration in credit risk profile of guarantor viz. RSPPL
- Non-receipt/delay in promoter support in case of meeting any cash flow mismatch requirements
- Non-compliance with the Financial Covenants as per the facility agreement

Detailed description of the key rating drivers
Key Rating Strengths
Corporate Guarantee from RSSPL: As per the proposed Corporate Guarantee (CG), RSPPL unconditionally and irrevocably guarantees and undertake that in the event the borrower is unable to meet its Secured obligations (i.e. all amounts payable or reimbursable by the borrower to all or any other rupee lender pursuant to the terms of the financing documents and all other present and future obligations and liabilities of the borrower to the secured parties under the financing documents) and pay/repay/reimburse the rupee lenders, such amounts as and when they fall due as per and in terms of the financing documents, RSPPL shall meet and discharge the Secured Obligations, from time to time.
The rupee lenders may permit the release of CG after the fulfillment of the conditions mentioned above. However, the CG shall not automatically fall off and may be released by the rupee lenders upon satisfaction of the above conditions to the satisfaction of the rupee lenders, whereupon the Security Trustee shall upon receipt of written instructions from the rupee lenders so release the Deed of Corporate Guarantee.

Experienced and Resourceful Promoters, with track record in setting up and operating renewable power projects: NSEPL is a wholly owned subsidiary of Renew Solar Power Private Limited (RSPPL). Renew Solar Power Private Limited (RSPPL), incorporated in June 2012, is a wholly owned subsidiary promoted by Renew Power Private Limited (RPPL, erstwhile Renew Power Limited, rated CARE A+; Stable/CARE A1+). RSPPL has been set up for developing and holding solar power projects (excluding rooftop projects) directly or through its subsidiaries. As on January, 2020, RSPPL has operational solar power capacity of 2081 MW spread over Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan and Telangana. In addition, RSPPL has 1515 MW of solar power projects under implementation or in planning stage, in the states of Rajasthan, Gujarat and Uttar Pradesh, which are expected to become operational in the current and upcoming financial years in phases.
RPPL, one of the leading players in the renewable power sector in India which was founded by Mr. Sumant Sinha in 2011 with single largest equity stake held by Goldman Sachs group along with other key investors such as Canada Pension Plan Investment Board (CPPIB), Abu Dhabi Investment Authority (ADIA), Jera Power and South Asia Clean Energy Fund (SACEF). The Goldman Sachs group, through its investment arm, GS Wyvern Holdings Limited (GSH), has been making significant equity investment in RPPL since FY12 and is the majority shareholder. Subsequently, other investors, SACEF, ADIA (through its arm Green Rock A 2014 Ltd), JERA and CPPIB have made significant investment and also GSH has participated in further rounds of equity fund raising by the company. Recently, in June 2019, RPPL raised fresh equity of USD 300 million (~Rs.2100 cr) through rights issue with three of the existing investors participating. The company has expanded its capacity significantly to become one of the largest renewable energy company in India. As on January 2020, RPPL has operational capacity of 5.33 GW (61% - Wind, 39% - Solar), majority of which have tied-up long-term PPAs. In addition, Renew has about 2.60 GW of power projects under implementation or in planning stage.

Successful commissioning of entire capacity: The 20 MW of capacity was fully commissioned on Oct 27, 2019 against the scheduled commissioning date of Nov 03, 2019. With the commissioning of entire capacity, execution risk is mitigated.

Long-term off-take arrangements with BESCOM: The Company has entered into a 25 year Power Purchase Agreements (PPA) with BESCOM for the entire capacity at a fixed tariff of Rs.3.19 per unit. The SPV have raised invoices till the month of March 2020 and have also received payments till the month of January 2020.

Moderately Comfortable debt coverage indicators: The door to door tenor of the term loan is 18 years including construction period of six months and moratorium period of six months. However as per the sanctioned terms, there is a put option after 10 years which if exercised, the borrower will have to arrange funds to refinance the balance outstanding funds. Nevertheless, the coverage indicators are expected to be moderately comfortable. The debt repayments are yet to start.
Additionally, as per the sanctioned terms, the company has to maintain a Debt Service Reserve Account (DSRA) comprising of 2 quarter interest and principal repayments. DSRA of one quarter of debt servicing has to be created from promoters funds. The remaining one quarter DSRA is to be created out of project cash flows.

Industry Outlook: The Government's thrust on augmenting the share of solar energy; in India's overall power mix is reflected in its various policy initiatives (Viability Gap Funding Scheme, Renewable Purchase Obligations (RPO) on state discoms, development of solar parks under Solar Park scheme etc.). However, solar power generation capacity additions during FY19 and FY20 were muted on account of imposition of safeguard duty on import of solar modules, lack of clarity with respect to GST rate on solar modules and cancellation of a large number of solar auctions. However, looking at the already allotted capacity and the Government's push for achieving targeted solar capacity of 100 GW by end-FY22, capacity additions are likely to improve over the next two to three years. Solar projects benefit from relatively lower execution risks, stable long term revenue visibility with off take arrangements at a fixed tariff (for most PPAs with Government counterparties), minimal O&M requirements, tariffs comparable to conventional power generation, must-run status accorded by the Government and recent upward revisions in solar RPO 3 CARE Ratings Limited Press Release achievement targets. However, there are concerns like increasing difficulties in land acquisition, inadequate grid connectivity on account of poor evacuation infrastructure, relatively lesser track record of technology in Indian conditions, lack of stricter RPO enforcement by the state regulators, substantial dependence on imported solar cells and modules, regulatory uncertainties in terms of possible renegotiation of tariffs in concluded PPAs and cancellation of concluded auctions, weak financial risk profile of discoms with significant delays in payment by a few state discoms, and increased difficulties in debt tie-up. There has been disruption in the sector especially for under construction projects where completion timelines are negatively impacted because of on-going spread of COVID-19 pandemic which has led to government taking various steps including national level lockdowns. Nonetheless, the Government's aforesaid impetus to the sector, besides utilizing its strong energy institutions like SECI and NTPC as interfacing counterparties for the solar project developers serves to offset the risks, thereby resulting in a stable outlook. Going forward, the key monitorables would be gradual pick-up in power demand, volatility in prices of solar modules, performance of the modules in Indian conditions, developments in claim of off-takers for renegotiated PPAs, modalities of compensation for safeguard duty under change in law, payment pattern of off-takers given the cash flow position have been negatively impacted given national level lockdowns, imposition of any anti-dumping duty by India to safeguard domestic solar module manufacturers, capacity additions of rooftop solar and overall regulatory stance regarding the sector.

Key Rating Weaknesses

Limited operational track record: The project was commissioned in Oct 27, 2019 and has five months of track record of operations till March 2020. Since commissioning till March 2020, the plant has achieved lower CUF than the estimated P-90 CUF of 26.02% mainly on account of initial stabilization issues. However, the generation levels have improved significantly from the month of January 2020. Nevertheless, going forward, achievement of envisaged CUF would be crucial from cash flow perspective.

Interest Rate Fluctuation Risk: The term loan availed will be at floating rate of interest and will be reset at the end of 1 year from COD and annually thereafter. However, as per the PPA, the tariff for off-take arrangement of the power is fixed, thereby, exposing the SPVs to risk of any change in its cost factors. The interest cost being the primary cost component on cash basis, any adverse movement in interest rate would impact the overall debt-servicing ability of the SPVs.

Exposure to technology and climatic risks: The Company has used poly crystalline PV technology, which has a proven history worldwide, suffers relatively lower degradation and requires lesser land leading to reduction in the Balance of Systems (BoS) cost. However, achievement of desired CUF going forward would be subject to changes in climatic conditions, amount of degradation of modules as well as other technological risks.

Liquidity: Adequate

As per the sanctioned terms, the company has to create 2 quarter of DSRA with first quarter DSRA to be created from promoters fund and subsequent 2nd quarter DSRA to be created out of project cash flows within 12 months of COD. The DSRA is yet to be created.

The company has debt repayment obligations of Rs.2.42 crore and Rs.2.63 crore as against projected GCA of Rs.6.63 crore and Rs.5.49 crore in FY21 and FY22, respectively.

Analytical approach: Credit Enhancement in the form of proposed unconditional and irrevocable corporate guarantee from Renew Solar Power Private Limited. The proposed Corporate Guarantee shall remain operative at all the times till the above mentioned conditions are satisfied to the satisfaction of the lenders.

For unsupported rating: Standalone

Applicable Criteria

[CARE's methodology for Infrastructure sector ratings]

[Criteria on assigning Outlook and Credit Watch to Credit Ratings]

[Rating Methodology-Consolidation & Factoring Linkages in Ratings]

[Criteria for Rating Credit Enhanced Debt]
[Policy on Assignment of Provisional Ratings]
[CARE's Policy on Default Recognition]
[Rating Methodology: Solar Power Projects]
[CARE's methodology for private power producers]
[Financial Ratios – Non-Financial Sector]

About the Company

Nokor Solar Energy Private Limited (NSEPL) is a Special Purpose Vehicle (SPV) incorporated in March 2018 by Renew Solar Power Private Limited (RSPPL; rated CARE A; Stable) in order to implement 20 MW solar power project in the state of Karnataka. The project was commissioned on October 27, 2019.

The company is supplying power from the entire 20 MW capacity at a fixed tariff of Rs. 3.19/kWh to BESCOM under a 25-year Power Purchase Agreement (PPA), signed on March 26, 2018.

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

Brief Financials: Not Meaningful as the project is recently commissioned

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	-	-	June 2037	69.00	Provisional CARE BBB+ (CE); Stable
Un Supported Rating-Un Supported Rating (Long Term)	-	-	-	0.00	CARE BBB

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	69.00	Provisional CARE BBB+ (CE); Stable	-	-	-	-
2.	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE BBB	-	-	-	-

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

Details of instrument – Bank Facility	Detailed explanation
A. Financial covenants (proposed)	• Minimum Fixed Asset Coverage ratio of 1.25 • Minimum Debt Service Coverage Ratio of 1.15 • Minimum interest Coverage ratio as per base case business plan or 1.75 whichever is lower • Long Term Debt/EBITDA as per base case business plan or 4:1, whichever is higher
B. Non-financial covenants (proposed)	The Borrower(s) shall give 60 days prior notice to the Bank for undertaking any of the following activities to enable the Bank to take a view. 9. Investment by way of share capital or Loan or Advance funds to or Place deposits with any other concern (including group companies). 10. Issuing any guarantee or Letter of Comfort in the nature of guarantee on behalf of any other company (including group companies). 11. Transfer of controlling interest or making any drastic change in the management set-up including resignation of promoter directors (includes key managerial personnel). 12. Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans /advances. If, in the opinion of the Bank, the move contemplated by the borrower is not in the interest of the Bank, the Bank will have the right of veto for the activity. Should the borrower still go ahead, despite the veto, the Bank shall have the right to call up the facilities sanctioned.

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**

Dilip Buildcon Limited
May 22, 2020

Ratings

Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Proposed Non-Convertible Debentures	300.00	**CARE A; Stable (Single A; Outlook: Stable)**	**Assigned**
Total	**300.00 (Rupees Three Hundred Crore Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale and Key Rating Drivers

The rating assigned to the Non-convertible debenture (NCD) of Dilip Buildcon Limited (DBL) takes into account DBL's leading position in the Indian road construction sector with strong project execution capabilities leading to early completion of its projects and consequently earning performance bonus, ownership of large equipment fleet, strengthened and geographically diversified order book in different segments like roads and highways, mining, irrigation, metro (civil work), airport, etc., experienced promoters, large scale of operations, healthy operating profitability, good financial flexibility and benefits expected from various initiatives undertaken by the Government of India to mitigate challenges and bottlenecks being faced by the road construction sector.

The ratings further take into account the receipt of substantial consideration from Shrem Group (part of Chhatwal Group Trust) in a phased manner for divestment of its entire stake in its 24 special purpose vehicles (SPV). The rating also positively factors in the infusion of equity as per the requirements of respective sanctions in most of the 12 under-construction hybrid annuity model (HAM) projects coupled with substantial project progress in each of the projects. Further, stake sale arrangement for five out of above mentioned 12 projects with Cube Highways and Infrastructure Pte Limited (Cube) is expected to lower equity commitments in near term which is expected to provide cash flow cushion in challenging time of COVID-19. Management's stance of curtailing capital expenditure is also envisaged to reduce capital intensity of the company.

The above rating strengths, however, continue to remain tempered by high working capital intensity of its operations leading to high debt levels and in-turn moderate debt coverage indicators and liquidity. Although majority of company's project site has commenced construction activities from April 2020 onwards, challenges in procuring raw-material and issues related to labor migration may lead to muted revenues during FY21 as against earlier estimates. However as the majority of the company's outstanding order book position is from National Highway Authority of India (NHAI) and Ministry of Road Transport & Highway (MoRTH), the payment risk is mitigated to an extent.

DBL has already received sanction for adhoc fund based working capital limits under Covid scheme and has availed moratorium on interest payment of existing debt liabilities for the month of April and May 2020 which is expected to support the liquidity position of the company. The rating also takes the note of the company's plan to raise long term debentures in order to provide additional cushion to its working capital requirements in medium term and reduce its costs of funds by replacing existing high cost debt. While total debt/PBILDT is expected to remain slightly higher than earlier estimates due to Covid-19 impact, better management of working capital cycle and liquidity cushion are crucial so that the same does not continue on a sustained basis.

Rating Sensitivities:

Positive Factors:

- Significant improvement in the working capital intensity along with curtailed investment commitments leading to significant improvement in the leverage and debt coverage indicators on sustained basis

Negative Factors:

- Higher than envisaged capex and gross current asset days exceeding 230-240 days leading to total debt / PBILDT exceeding 3.25 times and TOL/TNW exceeding 2 times on sustained basis. While total debt/PBILDT is expected to remain slightly higher than earlier estimates due to Covid-19 impact, better management of working capital cycle and liquidity cushion are crucial so that the same does not continue on a sustained basis.
- More than 15-20% decline in total operating income (TOI), in coming years, impacting the debt coverage indicators.
- Significant support requirement, if any in coming years, in the state annuity projects where DBL has extended corporate guarantee

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

Detailed description of key rating drivers

Key Rating Strengths:

Largest player in the Indian road construction sector with strong project execution capability and consistent track record of receipt of performance bonus: DBL is the largest player in the Indian road construction sector in terms of scale of operations and order book size. DBL has demonstrated strong execution capability over the past few years with completion of most of its projects before time on a pan-India basis. DBL bids for projects after factoring synergetic benefits arising from clustering of projects and stretches with relatively lower hurdles of land acquisition and clearances. DBL has earned performance bonus of around Rs.440 crore during FY12-FY19 with completion of many of its projects ahead of schedule project completion date (SPCD). Further, it expects sizeable bonus during FY20 on account of early completion of HAM projects. Five of its six HAM projects sold to Shrem group has also received PCOD before schedule / on time and most of its ongoing under construction HAM projects are progressing ahead of schedule which reflects its strong execution capability.

Vast experience of the promoters and project execution team: DBL's largest shareholder, Mr. Dilip Suryavanshi and family, has been in the business of road construction for more two decades. The other promoter, Mr. Devendra Jain, is a civil engineer with a longstanding experience in project execution. DBL has also recruited experienced professionals in various fields to manage the core activities.

Strengthened order book with geographical and segmental diversification: DBL's order book remained healthy at Rs.21, 205 crore as on December 31, 2019 despite slowdown in order intake from NHAI on account of foray in different segments like construction of special bridges, airports, tunnels and metro (only civil work) apart from the road sector which constituted around 36.19% of the outstanding order book position and balance being constituted by road segment. Furthermore, 70% of the outstanding order book position is from Central Government. DBL's order book is also geographically diversified across 10 states with Maharashtra, Karnataka, Madhya Pradesh, Uttar Pradesh and Jharkhand constituting major share of order book. DBL has also commenced work at most of the sites following resumption of operations in April 2020. Further, labour availability is also not a major concern in these sites as articulated by management. Furthermore, DBL has also executed a Coal Mining Agreement (CMA) in consortium with VPR Mining Infrastructure Pvt Ltd (VPR) for the Mine Developer cum Operator (MDO) contract for the development and operation of Pachhwara Central Coal Block of Punjab State Power Corporation Limited (PSPCL) in the state of Jharkhand for 55 years. DBL has incorporated a separate SPV for the said project and the management has articulated that since this was an already operational mine earlier it does not envisage any major equity commitment /capex in this coal MDO project. Any change in management stance impacting the leverage and debt coverage indicators of DBL shall be key rating monitorable.

Ownership of sizable equipment fleet: DBL has a very large equipment fleet as reflected by 11,741 construction equipment with gross block of Rs.3,378 crore as on March 31, 2019. DBL has incurred capex of Rs.540 crore during FY19 which was in line with the company's expectations. However, DBL has curtailed its capex as witnessed by capex of around Rs.30 crore during H1FY20 and has also envisaged lower capex in the near term.

Healthy growth in scale of operations and healthy operating profitability (PBILDT margin): Total operating income (TOI) of DBL grew at a healthy rate of 18% during FY19 on account of execution of large orders in both HAM and EPC segment. However, TOI remained stable during 9MFY20 as compared to 9MFY19 mainly on account of delay in receipt of appointed date of HAM projects and prolonged monsoon. PBILDT margins, though declined marginally from 18.24% during FY18 to 18% during FY19, it continued to remain healthy. PBILDT margins continued to remain healthy at 18.15% during 9MFY20.

Updates on the stake sale transactions of the company: DBL had signed a term sheet with Chhatwal Group Trust (CGT, part of Shrem group) to divest its entire stake in its 24 SPVs (17 operational state annuity and state toll plus annuity projects, six under construction HAM projects of NHAI- five of which is now operational; and one under construction toll project of NHAI-now operational) for a consideration of around Rs.1600 crore of which DBL has received around Rs.1372 crore till FY20. DBL expects saving of around Rs.100 crore in the equity requirement of HAM projects sold to Shrem due to early completion of projects (and hence lower equity investment from Shrem to that extent). Further, the last tranche of stake sale proceeds is envisaged in FY21 owing to pending approvals from authorities.
Further, DBL has also entered into stake sale agreement with Cube for stake sale of its five under construction HAM projects in September 2019. As per the terms of the agreement, initially DBL shall be required to infuse 51% of the total equity commitments of those projects whereas balance shall be infused by Cube post achievement of the requisite physical progress in the projects. DBL has already infused its portion of equity commitment in the aforesaid five HAM projects. DBL shall receive consideration in two stages; one being on achievement of commercial operations date (COD) of the projects and second being post completion of mandatory lock in period as per the concession agreement of the respective projects.

Various initiatives undertaken by the Government of India (GOI) to improve the prospects of the road construction sector: GOI through NHAI has taken various steps to improve the prospects of the road sector. These include premium rescheduling for stressed projects, bidding of tenders only after 80% land has been acquired for the project, release of 75% of arbitration award against submission of bank guarantee and 100% exit for developers after two years of project completion and NHAI funding for projects that are stuck at advanced stages of completion. Furthermore, NHAI has made some favourable changes in the clauses of model concession agreement and introduced HAM based BOT projects to reduce the equity commitment of the developers. However, project awarding activity declined during FY19 and FY20 due to challenging fund raising environment for developers, land acquisition issues for NHAI, delay in effective implementation of contractual reforms of HAM and limited contractor bandwidth in India. EPC is envisaged to be the preferred mode of award till improvement in fund raising environment and bidding appetite of the developers.

Key Rating Weaknesses:

Moderate leverage and debt coverage indicators on account of high debt levels: DBL's leverage continued to remain moderate as on March 31, 2019 and December 31, 2019 account of relatively high debt levels due to working capital as well as capital intensive nature of operations. It is to be noted that DBL secured 12 HAM projects with aggregate bid project cost of Rs.16,000 crore in Q4FY18 for which it received appointed dates in a staggered manner marked by receipt of appointed dates of four HAM projects during FY19 (mainly during Q3FY19 and Q4FY19) and balance eight HAM projects during FY20 (till Q3 FY20) leading to higher proportion of unbilled revenue and upfront equity requirement. Moreover, management's strategy for early completion of projects also leads to higher site mobilization expenses which together have resulted in higher reliance on working capital borrowings. Working capital intensity is may remain high due to COVID-19 pandemic. However, sanction of the ad-hoc fund based working capital limits and moratorium availed on interest servicing of existing debt liabilities is expected to provide some cushion. Furthermore, company also plans to avail long term debentures in order to provide additional cushion to working capital requirements and reduce its cost of funds by replacing existing high cost debt. DBL's ability to gradually rationalize its debt levels there by improving its debt coverage indicators remains one of the key rating sensitivities.

Liquidity analysis: Adequate

Working capital intensive operations: Collection period of DBL remained stable at 60 days during FY19 due to greater focus on NHAI EPC and HAM projects. DBL is in the process of gradual write off of the debtors stuck from the private parties (mainly from Essel and Topworth groups) as witnessed from the provision of debtors of Rs.110 crore during FY19 and further Rs.20 crore during H1FY20. Despite execution of larger size projects, inventory level of DBL remained high on account of delay in receipt of the appointed date while management has incurred significant pre-operative expenses in order to complete the projects ahead of schedule. However with receipt of appointed date of all the HAM projects, inventory levels are expected to reduce with the execution in near term. High inventory levels and other current assets have led to higher gross current asset days of 254 days during FY19 and 263 days during H1FY20 as compared to other players in the industry. Due to COVID-19, the receivables of the company are expected to elongate resulting into relatively higher working capital intensity and higher gross current assets days over medium term. However, some comfort can be derived from sanction of the ad-hoc fund based working capital limits during April and May 2020 providing some liquidity cushion. The average utilization of fund based working capital limits remained at 86% during the trailing twelve months ended April 2020. In addition, DBL had free cash and cash equivalents of Rs.85-Rs.90 crore as on March 31, 2020.

Analytical Approach: CARE has analyzed DBL's credit profile by considering its standalone financial statements along with factoring the cash flow impact of likely support to or investment in its SPVs. DBL has divested its controlling stake in its 18 operational SPVs and in process of divesting entire stake, however corporate guarantee in the five operational SPVs with aggregate debt of Rs.1164.30 crore as on March 31, 2019 is expected to be continued as per no objection certificate issued by lenders. Nevertheless, shortfall in operational period is almost nil in all the above mentioned five operational SPVs as these comprise of four toll cum annuity projects from state authority and one toll project of NHAI with adequate debt coverage indicators. Apart from the above, DBL has also extended corporate guarantee of Rs.1889.41 crore as on March 31, 2019 to the operational / under construction six HAM SPVs either till COD or till receipt of some annuities or till entire tenor of the loan. However, these corporate guarantees are not expected to provide any credit enhancement to these SPVs in the medium term and hence no support shall be required to be extended by DBL as these are operational/largely completed HAM projects of NHAI (rated CARE AAA; Stable) with comfortable debt coverage indicators. Further, strong execution capability of DBL mitigates the additional support requirement during construction phase to an extent.

Name of the SPVs to which corporate guarantee of DBL has been given by DBL as on March 31, 2019	Operational status
DBL Ashoknagar Vidisha Tollways Ltd.	Operational
DBL Tikamgarh Nowgaon Tollways Ltd.	Operational
DBL Betul Sarni Tollways Ltd.	Operational
DBL Hata Dargawon Tollways Ltd.	Operational
DBL Patan Rehli Tollways Ltd.	Operational
DBL Mundargi Harapanahalli Tollways Ltd.	Operational
Jalpa Devi Tollways Ltd.	Operational
DBL Lucknow Sultanpur Highways Ltd.	Operational
DBL Kalmath Zarap Highways Ltd.	Operational
DBL Yavatmal Wardha Highways Pvt Ltd.	Operational
DBL Tuljapur Ausa Highways Ltd.	Operational
DBL Wardha Butibori Highways Pvt Ltd.	Operational
DBL Chandikhole Bhadrak Highways Pvt Ltd.	Under-construction
DBL Mahagaon Yavatmal Highways Pvt Ltd.	Under-construction

Applicable Criteria:
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Short Term Instruments
Rating Methodology – Construction Sector
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Financial Ratios – Non Financial Sector

About the Company
Incorporated in 2006 by Mr. Dilip Suryavanshi and family, DBL is a Bhopal-based company engaged in the construction of roads on EPC basis and a developer of roads on BOT basis/ HAM model. DBL was initially started as a proprietorship firm "Dilip Builders" in 1988-89 and subsequently converted into a public limited company. During August 2016, DBL has successfully completed initial public offer (IPO) of Rs.654 crore which included fresh issue of Rs.430 crore and balance through sale of partial stake by promoters and investor, Banyan Tree Growth Capital LLC. Promoter group held 75% stake as on September 30, 2019. BOT portfolio of DBL mainly comprised of annuity, hybrid annuity (HAM) and toll plus annuity projects.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	7,761	9,162
PBILDT	1,418	1,649
PAT	620	765
Overall gearing (times)	1.88	1.83
Interest coverage (times)	3.05	3.11

A: Audited

As per provisional published results for 9MFY20, DBL earned TOI of Rs.6.506 crore (9MFY19: Rs.6,575 crore) and PAT of Rs.310 crore (9MFY19: Rs.545 crore).

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
Proposed Debentures-Non Convertible Debentures	NA	NA	NA	300.00	CARE A; 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 - LT-Working Capital Demand loan	LT	320.00	CARE A; Stable	-	1)CARE A; Stable (06-Jan-20)	1)CARE A; Stable (12-Dec-18)	1)CARE A+ (Under Credit watch with Developing Implications) (05-Sep-17) 2)CARE A+; Stable (21-Jun-17)
2.	Fund-based - LT-Cash Credit	LT	1620.00	CARE A; Stable	-	1)CARE A; Stable (06-Jan-20)	1)CARE A; Stable (12-Dec-18)	1)CARE A+ (Under Credit watch with Developing Implications) (05-Sep-17) 2)CARE A+; Stable (21-Jun-17)
3.	Non-fund-based - LT/ ST-BG/LC	LT/ST	210.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (06-Jan-20)	1)CARE A; Stable / CARE A1 (12-Dec-18)	1)CARE A+ / CARE A1 (Under Credit watch with Developing Implications) (05-Sep-17) 2)CARE A+; Stable / CARE A1 (21-Jun-17)
4.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	4290.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (06-Jan-20)	1)CARE A; Stable / CARE A1 (12-Dec-18)	1)CARE A+ / CARE A1 (Under Credit watch with Developing Implications) (05-Sep-17) 2)CARE A+; Stable / CARE A1 (21-Jun-17)
5.	Non-fund-based-LT/ST	LT/ST	55.00	CARE AAA (CE); Stable / CARE A1+ (CE)	-	1)CARE AAA (CE); Stable / CARE A1+ (CE) (06-Jan-20) 2)CARE AAA (SO); Stable / CARE A1+ (SO) (03-May-19)	1)Provisional CARE AAA (SO); Stable / CARE A1+ (SO) (01-Mar-19)	-
6.	Non-fund-based-LT/ST	LT/ST	-	-	-	1)Withdrawn (06-Jan-20) 2)Provisional CARE AAA (SO); Stable / CARE A1+ (SO) (03-May-19)	1)Provisional CARE AAA (SO); Stable / CARE A1+ (SO) (01-Mar-19)	-
7.	Debentures-Non Convertible Debentures	LT	300.00	CARE A; Stable	-	-	-	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. 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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Khurana Coal Sales
May 22,2020

Ratings

Facilities	**Amount (Rs. Crore)**	**Rating**[8]	**Remarks**
Long Term Bank Facilities	4.70	**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; on the basis of best available information
Short Term Bank Facilities	1.10	**CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING)**	Issuer Not Cooperating; on the basis of best available information
Total	5.80 (Rupees Five crore and Eighty lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE had, vide its press release dated March 05,2019, placed the ratings of Khurana Coal Sales under the 'issuer non-cooperating' category as Khurana Coal Sales had failed to provide information for monitoring of the rating. Khurana Coal Sales continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 12,2020, May 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.
The long-term rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by KCS 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 owing to firm's small scale of operations, weak debt coverage indicators, elongated operating cycle. Further, the ratings are also constrained by risk associated with constitution of the entity being a partnership firm. The ratings, however, draw comfort from experienced partners and moderate capital structure.

Detailed description of the key rating drivers
At the time of last rating on March 05,2019 the following were the rating weaknesses and strengths:

Detailed description of the key rating drivers
Key Rating Weaknesses
Small scale of operations with low partner's capital base:
The scale of operations of the firm stood small marked by total operating income and gross cash accrual of Rs.19.03 crore and Rs.0.12 crore respectively in FY17 (refers to the period April 1 to March 31). Further, the partners' capital base stood low at Rs.3.71 crore as on March 31, 2017. The small scale of operation limits the firm's financial flexibility in times of stress and deprives it from scale benefits.

Low profitability margins and weak debt coverage indicators:
The profitability margins of the firm have been historically on the lower side on account of trading nature of business activities which is driven by high volumes and low margins. The PBILDT and PAT margin of the firm stood at 1.52% and 0.45% respectively in FY17. Further, the debt coverage indicators continue to remain weak owing to low profitability. Interest coverage ratio and total debt to GCA stood at 1.49x and 33.55x for FY17 as against 1.20x and 53.42x for FY16.
Elongated operating cycle:
KCS operating cycle stood elongated at 93 days in FY17. The company holds inventory in the form of traded goods i.e. coal for around two month for meeting the demand of its customers. The average credit period extended by firm to its customers stood at 41 days in FY17 which elongated from 14 days in FY16 owing to slower realization from the customers in brick industry. Similarly due to slow realization from debtors, the creditors' period extended, resulting into average payable period of 24 days in FY17.

[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*

Constitution of entity as a partnership Firm:
KCS'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 firm being dissolved upon the death/retirement/insolvency of the partners. Moreover, partnership firms have restricted access to external borrowing which limits their growth opportunities to some extent.

Volatility associated with coal prices:
KCS is engaged in trading of domestic coal, the prices of which are volatile in nature. The firm purchases coal primarily through large wholesalers. The purchase quantity of the coal is decided by factoring in the past trend of demand from the customers. Thus, KCS operations are susceptible to price fluctuation risk of coal.

Fragmented and competitive industry:
The spectrum of the coal trading industry in which KCS operates is highly fragmented and competitive marked by the presence of numerous players in India owing to relatively low entry barriers. Hence, the players in the industry do not have pricing power and are exposed to competition induced pressures on profitability

Key Rating Strengths
Experienced partners:
Mr Dheeraj Khurana and Ms Savitri Khurana have experience of more than a decade in the trading business of coal. The operations of the firm are also assisted by Mr Dharam Khurana (father of Mr Dheeraj Khurana) having an experience of more than two decades in the trading of coal.

Moderate capital structure:
The capital structure of the firm stood moderate marked by overall gearing ratio of 1.05x as on March 31, 2017 as against 1.48x as on March 31, 2016. The improvement was mainly on account of lower utilization of working capital limits as on balance sheet date coupled with higher partners' capital on account of infusion of funds by the partners in form of capital coupled with retention of profits to capital.

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 - Wholesale Trading
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments

About the Company
Amroha, Uttar Pradesh based KCS is a partnership firm established in 1992. The firm is currently being managed by Mr Dheeraj Khurana and Ms Savitri Khurana. KCS is engaged in the trading of industrial coal (grade D and E) which finds its application in the manufacturing of fire bricks and used as fuel in boilers, etNon BFSI

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	17.99	19.03
PBILDT	0.53	0.29
PAT	0.05	0.09
Overall gearing (times)	1.48	1.05
Interest coverage (times)	1.20	1.49

A: Audited

Status of non-cooperation with previous CRA: NA.

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	4.70	CARE B-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-BG/LC	-	-	-	1.10	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	4.70	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-Mar-19) 2)CARE B+; Stable (05-Apr-18)	1)CARE B+; Stable (25-Apr-17)
2.	Non-fund-based - ST-BG/LC	ST	1.10	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (05-Mar-19) 2)CARE A4 (05-Apr-18)	1)CARE A4 (25-Apr-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.

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The Rajlakshmi Cotton Mills Private Limited
May 22, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[9]	Rating Action
Long-term Bank Facilities	46.00	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	Reaffirmed and outlook revised from stable
Short-term Bank Facilities	38.00	CARE A3 (A Three)	Reaffirmed
Total facilities	**84.00 (Rupees Eighty Four Crore Only)**		

Details of facilities in Annexure-1

Detailed rationale and key rating drivers

The ratings assigned to the bank facilities of The Rajlakshmi Cotton Mills Pvt Ltd (RCMPL) continues to draw strength from experienced promoters and long track record of operations, established customer relationship, improving financial performance in the FY17-FY19 and H1FY20, satisfactory capital structure and financial position.
The ratings are, however, constrained by susceptibility of profit to change in raw material price and foreign exchange rate, project implementation risk, highly fragmented industry marked by intense competition, fortune linked to agricultural production of cotton and high utilization of working capital limits.

Outlook: Negative

The outlook has been revised from stable to negative in view of expected weakening in the credit risk profile of exporters owing to disruption of operations. Business operations are likely to be affected post lockdown as well, due to subdued demand among the customers in the export countries mainly USA and UK. The outlook may be revised to 'Stable' if the company is able to sustain revenue which majorly comprises of exports.

Key Rating Sensitivities
Positive factors:

- Mitigation of project risk with successful completion of ongoing expansion without significant cost or time over-run and stabilisation of the same.
- Efficient utilisation of working capital limits.

Negative factors:

- Cost overrun in the project beyond 15% of the estimated cost.
- Overall gearing ratio exceeding 1.5x and total debt/GCA exceeding 3.5x on a sustained basis.
- Decline in PBILDT margin below 7% on a sustained basis.

Detailed description of the key rating drivers

Key Rating Strengths
Experienced promoters and long track record of operations:

RCMPL is promoted by Kolkata-based Jaipuria family who has a long standing experience in the garment industry. The company was being looked after by Late Mr. Rajendra Kumar Jaipuria, a second generation entrepreneur. Now the day to day operations are managed by his son, Mr. Rajat Jaipuria having more than 25 years of experience.

Established customer relationship albeit customer concentration risk

RCMPL has a strong export customer base with long relationship. 90% of its revenue are from exports to USA, Netherlands, UK etc. There is geographical concentration risk as 50% of the exports are made to USA. Therefore, the spread of COVID-19 in these geographies are expected to adversely impact the sales and debtors recovery of RCMPL.

Improving financial performance during FY17-FY19 and H1FY20

The revenue from operations of the company grew at a CAGR of 19.77% during FY17-FY19, reporting total revenue from operations of Rs.268.08 crore in FY19. The top five products sold are garments, bed sheets, sweaters, towels and bags. Garments account for around 70 % of the sales. Next 10- 15 % of sales comes from bed sheets.
PBILDT margin gradually increased from 6.39% in FY17 to 10.94 % in FY19. PBILDT margin improved on account of increased realisation from exports (repeat order and higher order size from existing customers) coupled with reduced employee cost and printing and stitching cost. Growing PBILDT margin led to growing PAT level and margin over FY17-

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

FY19. Further, GCA also improved significantly from Rs.8.91 crore in FY17 to Rs.21.7 crore in FY19 vis-à-vis low debt repayment obligation of Rs.2.02 crore in FY19.
During H1FY20, total revenue earned by the company is Rs.155.36 crore with net profits of Rs.8.07 crore and cash profits of Rs.10.72 crore. Thus, the overall gearing ratio has gone up to 1.03x as on Sep 30, 2019.

Satisfactory capital structure and financial position
The debt equity ratio of the entity is comfortable at 0.36x as on March 31, 2019 depicting lower pressure on the company regarding its repayment obligations. There has been an increase in term loan from Rs.4.28 crore in FY17 to Rs. 5.99 crore in FY18 further increasing to Rs.11.16 crore in FY19. Term loan has further increased to Rs.27.61 crore due to on-going capital expenditure in Noida. The overall gearing ratio improved from 1.03x as on March 31, 2018 to 0.86x as on March 31, 2019 on the back of increased profits of the company. However, due to increased debt, overall gearing ratio again increased to 1.03x as on Sep 30, 2019. Although the interest cost has been increasing due to term loans availed by the entity, the interest coverage ratio has improved significantly from 6.02x in FY17 to 7.30x in FY18 further improving to 10.33x in FY19. This reflects a strong PBILDT that outweighs the increase in financial and interest charges.

Key Rating Weaknesses
Susceptibility of profitability to change in raw material price
Price of cotton is highly volatile in nature and depends on factors like area under production, yield for the year, demand scenario in the textile industry and world cotton production. Additionally, government policies and regulations and carry forward of stock from last year also impact the cotton prices.

Susceptibility to foreign exchange rate
The entity has foreign currency exposure because of its large exports to various countries and loan payables in dollars and euros. However, as per the current practice of the company, 75% of the sales amount receivable is naturally hedged through PCFC as the receivable and payable are in the same currency. Further, 50% of the remaining exposure is hedged through forward cover. This reduces the foreign currency exposure of the company from its export receivables. The company hedges its foreign currency loan payables by way of forward cover. RCMPL had 0.107 million dollars of unhedged exposure as on March 31, 2018 and 0.25 million dollars and 0.25 million euros of unhedged exposure as on March 31, 2019.

Project implementation risk
The Company is installing 212 sewing machines and 52 flat knitting machines at its new plant in Noida. The target products are garments, sweaters and towels. The estimated production capacity of the plant is 1.29 million pieces per annum. The total project cost of Rs.73.33 crore is being funded at a debt equity ratio of 1.15:1 (term loan of Rs.35 crore loan and internal accruals/liquid investments of Rs.38.33 crore). The project started in FY19 and is expected to be completed in January, 2020. There is project implementation risk in the form of cost over-run and time over-run. Also, due to availing of term loan for project implementation, the debt level has gone up impacting the overall gearing ratio which has gone up from 0.86x as on March 31, 2019 to 1.03x on Sep 30, 2019 and further to 1.13x on March 31, 2020.
The project is 90% complete and has obtained license to function from this unit. Approximately, 3 months would be needed from the date of lifting of lockdown to complete the project.

Highly fragmented industry marked by intense competition
India was the largest producer of cotton and the third largest exporter in 2017. The industry is characterised by several players- both organised and unorganised, with no barrier to entry. This makes the market highly competitive. Also, the industry is marked by several players but none of them individually has a major influence on the industry. RCMPL is not present in the upper end of the textile value chain and hence outsources yarn manufacturing. This limits the pricing flexibility of the entity. Being a part of highly fragmented industry, the bargaining power of the company is limited and sales are dependent on market forces of supply and demand.

Fortune linked to agricultural production of cotton
Since cotton is the main raw material for the industry, the performance of the company depends heavily on the price and availability of cotton. If the availability of cotton is low due to drought or any other reason, or if the price of cotton has gone high, then it will adversely affect the profit margins of the company. Since the raw material, cotton, is an agricultural product, rainfall and other natural factors play a vital role in its availability.

Liquidity: Adequate
Adequate liquidity characterized by sufficient cushion as the GCA level of the company has improved significantly and stands at Rs.18.50 crore in FY19 as against the debt repayment obligation of Rs.2.03 crore in FY19. It has repaid its debt repayment obligation for FY20. Also, it has current investments in equity shares and mutual funds to the tune of Rs.12.00 crore and cash and bank balance is Rs.2.42 crore as on March 31, 2020. Average utilisation of CC limit,

however, remained high at ~92% during the 12 months period ending November 2019. Liquidity is supported by unity current ratio and low operating cycle.

Analytical approach: Standalone

Applicable Criteria
[Criteria on assigning outlook and credit watch to Credit Ratings]
[CARE's Policy on Default Recognition]
[Financial ratios – Non-Financial Sector]
[CARE's methodology for manufacturing companies]
[CARE's criteria on Short term instruments]

About the Company
The Rajlakshmi Cotton Mills Pvt. Ltd. (RCMPL), incorporated in May 1934, is involved in manufacturing and exporting organic cotton garments and bedding and bath products. The products of the company include knitted garments, bath robes and towels, woven garments, shopping beds and bath and bedding products. The company is promoted by Kolkata based Jaipuria family.
The directors of the company are Mr. Rajat Jaipuria, Mrs. Kusum Jaipuria and Mr. Amit Kandhari. The daily operations are managed by Mr. Rajat Jaipuria. Since the past three years, the revenue of the company has been on a rise despite competition in the market. The revenue of the company for the period ending 31 March, 2018, stands at approximately Rs.209 crore, which is a growth of approximately 8% from the previous year. The company has established international presence as it exports to USA, France, Belgium, Holland, Germany, Canada, Japan, Australia, Denmark, UK, South Korea and Spain. Around 90 % of the total sales revenue comes from export sales.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	226.80	268.08
PBILDT	17.81	25.26
PAT	7.82	13.69
Overall gearing (times)	1.83	0.86
Interest coverage (times)	7.30	1.33

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

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

Annexure-1: Details of 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	-	-	-	18.50	CARE A3
Term Loan-Long Term	-	-	Dec-2024	43.00	CARE BBB-; Negative
Fund-based - LT-Cash Credit	-	-	-	3.00	CARE BBB-; Negative
Non-fund-based - ST-Letter of credit	-	-	-	4.00	CARE A3
Non-fund-based - ST-Forward Contract	-	-	-	10.00	CARE A3
Fund-based - ST-Foreign Bill Discounting	-	-	-	5.50	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 - ST-EPC/PSC	ST	18.50	CARE A3	-	1)CARE A3 (03-Jan-20)	-	-
2.	Term Loan-Long Term	LT	43.00	CARE BBB-; Negative	-	1)CARE BBB-; Stable (03-Jan-20)	-	-
3.	Fund-based - LT-Cash Credit	LT	3.00	CARE BBB-; Negative	-	1)CARE BBB-; Stable (03-Jan-20)	-	-
4.	Non-fund-based - ST-Letter of credit	ST	4.00	CARE A3	-	1)CARE A3 (03-Jan-20)	-	-
5.	Non-fund-based - ST-Forward Contract	ST	10.00	CARE A3	-	1)CARE A3 (03-Jan-20)	-	-
6.	Fund-based - ST-Foreign Bill Discounting	ST	5.50	CARE A3	-	1)CARE A3 (03-Jan-20)	-	-

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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Sai Industries Private Limited
May 22, 2020

Ratings
Details of facilities in Annexure-1

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long Term/ Short Term Bank Facilities	8.20	**CARE BBB-; Negative/ CARE A3 (Triple B Minus; Outlook: Negative)/ (A Three)**	Rating reaffirmed and outlook revised from Stable
Short-term facilities	17.50	**CARE A3 (A Three)**	Reaffirmed
Total	**25.70 (Rs. Twenty-five crore seventy lacs only)**		

Detailed Rationale & Key Rating Drivers
The ratings assigned to the Bank Facilities of Sai Industries Private Limited (SIPL) derives strength from experienced promoters, established market position with reputed & diversified customer base, strategic location of manufacturing units, improved operational performance, improving financial performance in FY19 and satisfactory capital structure & debt protection metrics. The ratings are however constrained by intense competition due to fragmented nature of industry, susceptibility of profitability due to raw material price volatility, limited bargaining power against large suppliers and consumers, foreign exchange risk and risks associated with the expansion projects.

Outlook: Negative
The outlook has been revised from Stable to Negative in view of weakening credit risk profile of the Company due to the outbreak of COVID-19 resulting in delay in recovery of export proceeds leading to tight liquidity position. The outlook may be revised to 'Stable' if the company is able to sustain revenue and recover export proceeds on a timely manner resulting in improved liquidity position.

Key Rating Sensitivity:
Positive factors:
- Ability of the company to further increase its revenue over Rs.300 crore (with successful implementation of the FIBC project) on a sustained basis for a period of 2 years along with improvement in PBILDT margin over 9% might witness a positive change in rating.

Negative factors:
- Further deterioration of overall gearing beyond 1.40x would impact the rating in a negative manner.
- Further weakening of liquidity position due to stretch in collection period of SIPL.

Detailed description of the key rating drivers
Key Rating Strengths
Experienced promoters
The FPG is spearheaded by Mr. Vishnu Fogla (aged 69 years), who has experience of over four decades in chemicals & packaging industry. His son Mr. Rishi Fogla (aged 31 years) along with his nephew, Mr. Sanjeev Fogla (aged 51 years), having 27 years of experience in manufacturing of LABSA, PP & HDPE bags looks after the marketing & finance of the group. The operational front of the group is managed by Mr. Anand Jeloka (aged 44 years) having about 20 years of experience in the packaging industry.

Established market position with reputed & diversified customer base
FPG is engaged in the packaging business for more than three decades with customers spread across India, Europe, USA & Middle East. The continued relationship with leading players having large market share in respective industries such as sugar, seeds & food-grain, fertilizers, cement & other chemical industries reduces the counter party risk. The group is an approved supplier and has continued relationship with reputed FMCG (sugar, seeds, grains) as well as industrial players (fertilizers, cement & other chemicals) and annual agreements with some of them to mitigate off-take risk.

Strategic location of the manufacturing units
Manufacturing facilities of SIPL are located at West coast of India at Kheda, Gujarat & Falta, and West Bengal. Kheda is in proximity to Kandla Port and the Falta unit is in Special Economic Zone. Hence, these units get benefit of easy access to the import-export network and duty free imports.

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

The other manufacturing facilities of the group are located in Haldia, Dakhineshwar & Kharagpur, and West Bengal. Manufacturing units of FPG are located in proximity to industrial area providing ease of access to readily available raw material (PP granules) from Haldia Petrochemicals Ltd, RIL. Local consumers like HUL, Oriclean Pvt. Ltd., Sai Fertilizer etc. are also located in proximity to these facilities thereby making supply of finished goods to them easier. The processing & finishing unit at Ariadaha, West Bengal (of KIL) is used for support activities for other factories of FPG in order to maximize sales.

Improved capacity utilisation

The group has ramped up the production from 15,916 MT in FY18 to 18,472 MTPA in FY19. The production has remained stable at ~68% in H1FY20 with production of 8,973 MT. The group added tape plant/ shuttle loom capacity of 3,840 MT in FY19 in SSPL which has reduced the sourcing of fabric from outside.

Key Rating Weaknesses

Moderation witnessed in the financial performance in FY19 and H1FY20

The total operating income of FPG witnessed a growth of 16.6% y-o-y in FY19 due to higher demand leading to better capacity utilization of PP woven sacks in Sai Industries Private Limited (SIPL) & Sai Surfactants private Limited (SSPL). The PBILDT margin witnessed a decline from 7.97% in FY18 to 6.91% in FY19 on account of increase in wages, processing expenses and fixed overheads on higher capacity utilization. The PAT margin marginally declined from 1.80% in FY18 to 1.61% in FY19 on account of higher capital charge.

In H1FY20, the group earned PBILDT of Rs.7.18 crore on total operating income of Rs.118.84 crore. The PBILDT margin was reported at 6% in H1FY20 due to pressure on off-take and revenue, in view of subdued economic scenario.

On standalone level, SIPL's total operating income grew by 9.38% from Rs.106.56 crore in FY18 to Rs.116.56 crore in FY19. PBILDT and PBILDT margin witnessed a decline from Rs.7.88 crore in FY18 to Rs.7.16 crore in FY19 and from 7.39% in FY18 to 6.14% in FY19, respectively, on account of higher production costs. PAT and PAT margin continues to remain low at Rs.2.14 crore and 1.84% in FY19 (Rs. 2.44 crore and 2.29% in FY18), respectively. The company earned a GCA of Rs.1.09 crore against a debt repayment obligation of Rs.0.01 in FY19

Susceptibility of profitability to raw material price volatility

PP granules are the principal raw material for Fogla Packaging Group (FPG) depending on the end use of the bags and comprised of 65-75% of the total cost of sales of manufactured goods of the group over the last 3 years. The price of PP granules has a direct co-relation to the crude oil prices along with market forces of demand & supply. Hence, the price volatility may affect the profitability of the group to the extent of raw material inventory maintained by FPG, i.e. around a month.

However, majority of the sales made to international customers are based on cost plus model with PP granules' Price based on Platts Global Polypropylene (PP) Raffia Price Index. Similarly in case of local consumers as well, majority of sales made are billed on cost plus model with prices linked to PP Granules pricing of Reliance Industries Limited. This substantially reduces the vulnerability of PBILDT margins to volatility in raw material prices.

Limited bargaining power against large suppliers and consumers & intense competition

PP granules, the most essential raw material for manufacturing of PP woven sacks and bags, are manufactured only by a few suppliers creating a supply dependent commodity. In addition, the group essentially caters to big organized manufacturers (HUL, Emami Group, Coromondal, Tata Chemicals etc.) which have strong distribution channels and established brands. PP being an intermediate sees its margin being squeezed due to strong bargaining power of the suppliers and consumers. Also the ease of manufacturing of PP bags and the lack of entry barriers in the industry has led to a very fragmented industry with many competitors.

Foreign exchange risk

The group sources substantial amount of its raw material consumption via imports from Singapore, Middle East & South Korea because of price advantage in the range of 4%-6%. 40%-45% of the total sales of the group are met through exports, exposing the group to foreign exchange fluctuation risk. The export destinations include Belgium, Spain & Netherlands. The group does not enter into hedging for sales booked in the books of BPPL, SSPL & KIL since export sales are negligible, individually. For SIPL, the risk is mitigated partially on account of the natural hedging and utilization of foreign currency denominated working capital facilities against its export orders. The company enters into forward contracts in SIPL to hedge volatility in forex rates.

Project risk

FPG is in the process of setting up a FIBC plant in SIPL at Kheda, Gujarat with installed capacity of 6,000 MTPA. The total cost of the project is revised to Rs.20 crore from the earlier estimate of Rs.26.8 crore. Land had been acquired and construction work is in full swing. The project was expected to be operational by October 2019 but now the revised operational date is April 2020. The delay was due to delay in execution of the civil constructing.

Liquidity: Stretched
The group had cash & bank balance of Rs.1.58 crore as on March 31, 2019. The average utilization of the group was high at ~85% during last 12 months ended October'19 but has moderated to 60% for the months of February, March and April. The group had earned GCA of Rs.9.79 crore vis-à-vis debt repayment obligation of Rs.2.00 crore in FY19 and has repaid its debt servicing obligations for FY20. Further, the group was implementing a project for FIBC bags amounting to Rs.20 crore and proposes to fund the equity portion out of internal accruals amounting to Rs.5 crore each in FY20 and FY21.
Liquidity position of SIPL is tight as majority of its revenue is derived from export, where the realization from debtors has slowed down due to the outbreak of COVID-19 and SIPL has applied for extension of export bills with its bank.

Analytical approach: Combined
For the purpose of arriving at the ratings, CARE has combined the business and financial risk profiles of SIPL, BPPL, SSPL & KIL. The above companies operate under common management, are involved in similar lines of business, have operational linkages and exhibit cash flow fungibility. These four companies will collectively be referred as Fogla Packaging Group (FPG) from hereafter.

Applicable criteria
Criteria on assigning 'Outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
Rating Methodology: Consolidation and Factoring Linkages in Ratings
CARE's methodology for manufacturing companies
Criteria for Short Term Instruments

About the Company
Incorporated in April 2003, Sai Industries Private limited (SIPL) belongs to the Kolkata based Fogla Corp group. The Fogla Packaging Group (FPG) comprises of four companies in the Industrial Packaging segment namely Bhagirathi Packaging Private Limited (BPPL), Kamakhya (India) Limited (KIL), Sai Industries Private Limited (SIPL) and Sai Surfactants Private Limited (SSPL). The group is engaged in manufacturing of industrial chemicals & packaging materials. The group commenced operations four decades ago under the leadership of Mr. Vishnu Fogla and is currently assisted by his son Mr. Rishi Fogla for the day to day operations. Fogla Corp is engaged in manufacturing of Poly-Propylene (PP)/ High Density Poly-Ethylene (HDPE) woven sacks since 30 years. The group has presence in the domestic as well as the international market.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	106.56	116.56
PBILDT	7.88	7.16
PAT	2.44	2.14
Overall gearing (times)	1.20	0.88
Interest coverage (times)	4.32	4.74

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
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	-	-	-	8.00	CARE BBB-; Negative / CARE A3
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	0.20	CARE BBB-; Negative / CARE A3
Fund-based - ST-EPC/PSC	-	-	-	4.00	CARE A3
Fund-based - ST-Packing Credit in Foreign Currency	-	-	-	9.00	CARE A3
Fund-based - ST-Foreign Bill Discounting	-	-	-	1.50	CARE A3
Non-fund-based - ST-Letter of credit	-	-	-	3.00	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.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	8.00	CARE BBB-; Negative / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (27-Dec-19)	1)CARE BBB; Stable / CARE A3 (20-Mar-19)	-
2.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	0.20	CARE BBB-; Negative / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (27-Dec-19)	1)CARE BBB; Stable / CARE A3 (20-Mar-19)	-
3.	Fund-based - ST-EPC/PSC	ST	4.00	CARE A3	-	1)CARE A3 (27-Dec-19)	1)CARE A3 (20-Mar-19)	-
4.	Fund-based - ST-Packing Credit in Foreign Currency	ST	9.00	CARE A3	-	1)CARE A3 (27-Dec-19)	1)CARE A3 (20-Mar-19)	-
5.	Fund-based - ST-Foreign Bill Discounting	ST	1.50	CARE A3	-	1)CARE A3 (27-Dec-19)	1)CARE A3 (20-Mar-19)	-
6.	Non-fund-based - ST-Letter of credit	ST	3.00	CARE A3	-	1)CARE A3 (27-Dec-19)	1)CARE A3 (20-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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Technico Industries Limited
May 22, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[11]	Rating Action
Long term Bank Facilities	142.48 (enhanced from 126.23)	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Revised from CARE BBB-; Negative (Triple B Minus; Outlook: Negative)
Short term Bank Facilities	40.00 (enhanced from 35.00)	CARE A4+ (A four plus)	Revised from CARE A3 (A three)
Total Facilities	182.48 (Rupees one hundred and eighty two crore and forty eight lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the ratings assigned to the bank facilities of Technico Industries Limited (TIL) factors in deteriorating liquidity position, limited revenue visibility on the back of slowdown in automobile industry which has exacerbated owing to the lockdown, elevated debt level, and high debt repayment obligations. Furthermore, the ratings remain constrained by customer concentration risk, susceptibility to fluctuation in raw material prices and cyclicality associated with the automobile industry. However, the ratings continue to derive strength from extensive experience of promoters in automobile industry, reputed client base and favorable plant location.

Rating Sensitivities

Positive Factors

- Increase in scale of operations with total operating income above Rs.350 Cr on a sustained basis.
- Improvement in cash accruals with interest coverage ratio above 2.75x and DSCR above 1.40x on a sustained basis.

Negative Factors

- Decrease in scale of operations with total operating income below Rs.250 Cr and PBILDT margin below 9.50% on a sustained basis.
- Continued deterioration in overall liquidity in terms of operational cash flows, available working capital (including Ad-hoc limits) and free cash balances.

Detailed description of the key rating drivers

Key Rating Weaknesses

Deteriorating liquidity with limited revenue visibility

Liquidity of the company deteriorated on the back of sluggish demand in the auto and auto components sector during FY20 (refers to the period from April 1 to March 31). The liquidity woes have been further compounded in the current year with Covid-19 outbreak which has brought business operation across industries to a halt. The uncertainty over the resumption of operations, capacity utilization and restoration of auto demand are the factors which may keep the liquidity of the company stretched with limited revenue visibility. Furthermore, declining free cash balance, negligible pending collections and contracting available working capital limits has led to reliance on working capital borrowings to meet the fixed overheads including employee salary and wages. The company has free cash and marketable securities of Rs.4.00 Cr as on May 19, 2020. The company proposes to sell remaining 5% stake in Shiroki Technico India Limited to the tune of around Rs.12 Crore (net of tax) in respect of which the approval for HSIIDC has also been received. Furthermore, adhoc COVID emergency line from the lenders is expected to provide some liquidity support.

Weak financial performance during FY19 & 9MFY20 and ongoing capital expenditure

Company reported total operating income of Rs.312.35 Cr during FY19, registering y-o-y growth of about 9% from Rs.286.68 Cr in FY18. PBILDT margin of the company declined to 11.20% (PY: 11.57%) during the year. The total operating income of the company stood at Rs.225.39 Cr during 9MFY20. PBILDT margin of the company improved to 12.21% during this period as against 11.20% during FY19. However, the company reported a loss of Rs.2.95 Cr on account of high interest and depreciation expense which increased due to ongoing expansion and debt availed for funding the same. The company undertook capex to the tune of Rs.64.34 crore during FY19 funded through Rs. 32.62 crore term loan taken during the year and the remaining through proceeds from 45% stake sale in Shiroki Technico India Private Ltd (around Rs.102.34 Cr received in July 2018). This included Rs.23 crore for Gujarat plant to commission one

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

robotic line and presses. The remaining Rs.41.93 Cr was used for four robotic lines for brake pedal and clutch pedal, and a plating plant at Bawal. Amidst weak demand and slump in Auto segment, the company has high debt repayment obligations with pressure on margins.

Slowdown in automobile industry

The Indian auto component industry is ancillary to the automobile industry. In FY19, India's automobile production stood at 30.9 million vehicles as against 29.1 million vehicles in FY18, registering a slower growth of 6.3% y-o-y vis-à-vis a growth of about 14.8% y-o-y during the corresponding period previous year. In line, auto component turnover slowed down and witnessed a growth of about 10.4% y-o-y vis-à-vis a growth of about 17.6% during FY18 led by subdued muted demand from the automobile industry. For H1FY20, auto comp turnover declined by 14.73% y-o-y during the corresponding period previous year to Rs.36,757 crore. Further, just as the market was under the grips of weak demand with such historic downfall, nationwide lockdown due to Covid-19 pandemic has put the brakes on the production line. The fortunes of the players in Auto components industry like TIL shall be governed by the uptick in demand for passenger vehicles and commercial vehicles which is expected to gain some momentum during Q2FY21 (before festivities). The liquidity strain is expected to continue in the near future for the auto components players and with company's committed capex (and scheduled repayments for the guaranteed debt to associate – Axis Plating Private Limited) is expected to exert further pressure on the cash flows of the company with limited revenue visibility in sight.

Susceptibility to raw material price fluctuation

Aluminum, steel and steel alloys are the key raw materials used for manufacturing of Door hinges & stamping parts. The metal demand, especially aluminum, copper and steel, is cyclical with prices driven by demand and supply conditions in the market coupled with strong linkage to the global market. Hence, domestic auto component makers are essentially price-takers in the market, which directly expose their cash flows and profitability to volatility in the metal prices.

Cyclical nature of the industry and competition

The automobile industry is inherently vulnerable to the economic cycles and is sensitive to the interest rates and fuel prices. The company thus faces significant risks associated with the dynamics of the auto industry. Besides, the industry is competitive in nature as there are large numbers of players operating in the market.

Key Rating Strengths

Strong Promoters with extensive experience in automobile industry

TIL was promoted in 1972 by Mr. Arun Gupta as a proprietorship firm. Mr. Gupta is a managing director and having around three decades of experience in automobile industry. He graduated in commerce from Punjab University, Chandigarh and M.B.A. from Faculty of Management Studies, Delhi. Mr. Arun has over all control of finance, taxation and corporate affairs of the Company. He has been representing TIL at national and international level for nurturing business. Mr. Amit Gupta is a whole time director in TIL. He looks after corporate marketing and the overall production and development activities of the Company.

Reputed client base albeit with concentration

TIL has an established relationship with leading OEM's. Entire sales of TIL are made to domestic Original Equipment Manufacturers (OEMs). Moreover, within the domestic automotive segment, major portion of TIL's sales are made to Shiroki Technico India Pvt. Ltd (STIPL), Maruti Suzuki India Ltd and Renault India Pvt. Ltd. TIL is sole supplier of door hinges to Nissan and Toyota.

There is moderate concentration risk as 24% of revenue (FY19) accruing from STIPL, Nevertheless, the company has longstanding relation with all major OEMs in India mainly on account of its design/engineering capabilities. The risk is however mitigated to some extent as, TIL is the main supplier for most of the OEMs (especially domestic) that it supplies to, and by virtue of its long-standing relationships with the clients; the company has a strong market position. TIL has been associated with these players for a long time and gets repeat orders from them.

Liquidity: Stretched

Liquidity profile of the company remains stretched with near full working capital utilization to meet fixed monthly obligations. The company has free cash and marketable securities to the tune of Rs.4.00 Cr as on May 19, 2020 besides an undrawn CC limit of Rs.6.00 Cr to meet its fixed obligations. Additionally, the company has been approved (as per lender feedback and formal sanction awaited) term loan to the tune of Rs.7.00 Crore with a proposed moratorium of 6 months and repayment tenor of 3 years thereafter, besides HSIIDC approval to sell remaining 5% stake in Shiroki Technico India Limited to the tune of Rs.12 Crore (net of tax) which is expected to provide liquidity support in the short term. The company has been granted moratorium on its debt servicing for the months of March, April, and May (2020). The sustainability of adequate liquidity amidst high debt repayments and limited revenue visibility will remain crucial.

Analytical approach: Standalone

Applicable Criteria
CARE's Criteria on assigning Outlook and credit watch to Credit Ratings
CARE's Policy on Default Recognition
Methodology for Short-term Instruments
Rating Methodology – Auto Ancillary Companies
CARE's methodology for financial ratios (Non-Financial sector)

About the Company
Incorporated in 1985, Technico Industries Ltd was promoted by Mr. Arun Gupta, with the objective of manufacturing, fabricating and assembling auto parts (window regulators, hinges, seat recliners and seat sliders). Subsequently in 1988 the status of the company was changed from Private Ltd to Public Ltd. TIL has two manufacturing facilities- one each in Bawal (Haryana) and Surender Nagar (Gujarat) and three assembling units one each at Chennai, Bengaluru, and Pune for regulators and hinges.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	286.68	312.35
PBILDT	33.17	35.00
PAT	3.20	77.05
Overall gearing (times)	1.85	0.92
Interest coverage (times)	2.40	2.11

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

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

Annexure-1: Details of Instruments/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 2028	107.48	CARE BB+; Stable
Fund-based - LT-Cash Credit	-	-	-	35.00	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	20.00	CARE A4+
Non-fund-based - ST-Letter of credit	-	-	-	20.00	CARE A4+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 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	107.48	CARE BB+; Stable	-	1)CARE BBB-; Negative (26-Feb-20)	1)CARE BBB; Stable (11-Feb-19)	1)CARE BBB-; Stable (01-Dec-17)
2.	Fund-based - LT-Cash Credit	LT	35.00	CARE BB+; Stable	-	1)CARE BBB-; Negative (26-Feb-20)	1)CARE BBB; Stable (11-Feb-19)	1)CARE BBB-; Stable (01-Dec-17)
3.	Non-fund-based - ST-Bank Guarantees	ST	20.00	CARE A4+	-	1)CARE A3 (26-Feb-20)	1)CARE A3+ (11-Feb-19)	1)CARE A3 (01-Dec-17)
4.	Non-fund-based - ST-Letter of credit	ST	20.00	CARE A4+	-	1)CARE A3 (26-Feb-20)	1)CARE A3+ (11-Feb-19)	1)CARE A3 (01-Dec-17)

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

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**

South India Finvest Private Limited

May 22, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1][2]	Rating Action
Long-term Bank Facilities-Proposed-Term Loan	-	-	Withdrawn
Total Facilities	-		

Details of instruments/facilities in Annexure-1

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

CARE has withdrawn the rating assigned to the proposed bank facilities of South India Finvest Private Limited with immediate effect. The above action has been taken at the request of company as the company has not availed the proposed limits.

Analytical approach: Not Applicable

Applicable Criteria

Policy on Withdrawal of ratings

About the Company

South India Finvest was registered as an NBFC with RBI in 2000 SIF is primarily engaged in providing micro loans based on the Joint Liability Group (JLG) model to women residents of urban, semi-urban and rural areas belonging to weaker section. SIF provides loans to individual members in the JLG with each group consisting of at-least fifteen members.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	1.80	11.86
PAT	0.37	2.63
Interest coverage (times)	5.10	1.81
Total Assets	17.23	72.32
ROTA (%)	4.15	5.87

A: Audited

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

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 No.	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	-	0.00	Withdrawn

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)CARE B; Stable; ISSUER NOT COOPERATING* (21-Feb-19)	1)CARE B; Stable (09-Nov-17)

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

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

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**

Hindalco Industries Limited
May 22, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[13]	Rating Action
Long Term Bank Facilities – Term Loan	9680.12	**CARE AA+; Negative (Double A Plus; Outlook: Negative)**	Reaffirmed; Outlook revised from Stable to Negative
Long Term Bank Facilities – Fund Based	1642.50	**CARE AA+; Negative (Double A Plus; Outlook: Negative)**	Reaffirmed; Outlook revised from Stable to Negative
Long term/Short term Bank Facilities – Non Fund Based	11590.50	**CARE AA+; Negative /CARE A1+ (Double A Plus; Outlook: Negative / A One Plus)**	Reaffirmed; Outlook revised from Stable to Negative
Short term Bank Facilities - Term Loan	1000.00	**CARE A1+ (A One Plus)**	Reaffirmed
Total Facilities	**23,913.12 (Rupees Twenty three Thousand Nine Hundred and Thirteen Crore and Twelve Lakh Only)**		
Non-Convertible Debenture issue	6000.00 (Rs. Six Thousand crore only)	**CARE AA+; Negative (Double A plus; Outlook: Negative)**	Reaffirmed; Outlook revised from Stable to Negative
Commercial Paper (CP) issue (Standalone)	1000.00 (Rupees One Thousand Crore Only)	**CARE A1+ (A One Plus)**	Reaffirmed

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The reaffirmation of ratings assigned to the bank facilities of Hindalco Industries Limited (HIL) continues to derive strength from Hindalco's leadership position in India's aluminium industry and being amongst one of the lowest cost producers for aluminium in the world along with a highly reputed promoter group (Aditya Birla Group) and professionally qualified and experienced management.

Despite volatility on the London Metal Exchange (LME) aluminium prices, HIL has recorded significant improvement in EBITDA on a consolidated level over the past few years. This can be attributed to HIL's superior operating capabilities on the back of robust performance of its domestic (Utkal Alumina International Limited (UAIL) and global (Novelis) subsidiaries. Enhancing its cost effective alumina production capacity at UAIL, along with garnering robust benefits from its superior downstream product mix facility at its Novelis plant has resulted into better insulation from volatile commodity/raw material prices. The ratings also factors in healthy financial risk profile marked with strong liquidity position along with improvement in the gearing and debt coverage indicators in FY19.

The rating strengths are however tempered by susceptibility of profitability to volatile metal prices and increase in raw material prices such as caustic soda, CP Coke, coal etc. as well as cyclicality in the end-user sectors.

Rating Sensitivities

Positive Factors

- Strong cash accruals leading to improvement in financial risk profile of company.
- Significant reduction of debt resulting in improvement of overall gearing below 1.5 times

Negative Factors

- Lower than expected cash accruals driven by deterioration in operating performance
- Overall gearing & Total debt/PBILDT remaining elevated for prolonged period

Outlook: Negative

The revision in outlook from 'Stable to Negative' reflects CARE's belief that the operating profits are likely to remain subdued in the short to medium term period on the back of an expectation of a lower demand for commodities, which is likely to impact sales volumes and net sales realizations for HIL. Furthermore, CARE also factors in the increase in debt levels owing to debt funded acquisition of Aleris Corporation, which will result into elevated leverage ratios for HIL in

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

near future. CARE also notes that this acquisition comes at a time when operations in global & domestic markets are disrupted by the outbreak of COVID-19 pandemic.
Outlook may be revised to Stable in case of timely recovery in demand leading to improvement in the operating performance of the company and improvement in overall gearing due to significant repayment of debt.

Detailed description of the key rating drivers
Key Rating Strengths
Reputed and resourceful promoter group; professionally qualified management
HIL is the flagship metals company of the Aditya Birla Group. The company is led by professional and experienced management with Mr. Kumar Mangalam Birla as the Chairman and Mr. Satish Pai as the Managing Director of HIL. The rating continues to derive support from the resourceful promoter group and the professionally qualified and experienced management of the company that have built a successful track record in the industry. The management has demonstrated strong track record in green field and brownfield project execution as well as cost management expertise.

Market leader in the aluminium industry; one of the lowest cost producers of aluminium in the world
Over the past years, HIL has ramped up its capacities in a timely and cost-effective manner to become one of the largest producers of aluminium in India. HIL, with significant market share, has a strong market position in India's aluminium industry. With the acquisition of Novelis, HIL has become one of the world's largest aluminium rolling company. Novelis is also one of the world leaders in recycling of used aluminium beverage cans. HIL is one of the lowest cost producers of aluminium in the world owing to significant backward integration i.e., access to captive power using captive coal mines (around 25% of the total requirement) and producing alumina using bauxite from captive mines. Further, its subsidiary, UAIL is reported to be falling in the lowest quartile of the global cost producers of alumina in the world.

Improved operational performance in FY19
During FY19, HIL's (consolidated) income from operations grew by ~13% on a Y-o-Y basis primarily on account of higher sales realizations for aluminium in the domestic market. Furthermore, Novelis also recorded a significant growth primarily on account of higher shipments as well as improvement in realizations. LME prices for aluminium as well as copper remained volatile. Despite of its adversities, aluminium segment is operating at full capacity and stable sales volume.
During FY19, PBILDT margins of aluminium segment dropped marginally due to higher input costs. HIL's revenues from copper segment remained stable despite 12% fall in sales volume in FY19 as the revenue was aided by higher sales realizations. PBILDT margins from copper segment declined marginally due to lower Tc/Rc margins.
During 9MFY20, sales volumes remained stable in aluminum & copper segment however; lower LME prices resulted in y-o-y drop in revenue of 8% & 12% for aluminum & copper segments respectively. Subsequently PBILDT also declined in 9MFY20 for domestic operations.

Partial coal linkages, a risk mitigating factor
At its present operating level for HIL and its downstream facilities, total coal requirement is around 16 mn tonnes per annum. HIL has 4 coal blocks with a capacity of 3.8 mntpa (million tons per annum) which meets ~25% of its total coal requirement. During FY19 coal requirement of HIL was met through 55% via coal linkages, 29% by e-auction, 12% by captive mines and 3% by imports. Kathautia and Dumri has lower production cost in comparison to Gare Palma due to which the latter is used as swing producer depending upon availability of coal and coal prices. Though consumption from captive mines is lower, its support during unavailability of coal/significantly higher market prices remains very crucial. HIL's overall cost of production remained high because of lower portion of captive coal consumption and high premium paid to acquire coal mines.

Stable operating performance by Novelis
During FY20, total shipments remained stable at 3273 KT as against 3,274 KT in FY19. Due to lower LME aluminium prices total operating income dropped by 9% in FY20, however PBILDT improved to US$ 1,472 Million (US$ 1,368 Million in FY19) due to favorable product mix. Novelis continued to be major contributor in consolidated revenue and EBITDA.

Key Rating Weaknesses
Moderation in financial risk profile of the company
The acquisition of Aleris (through its subsidiary Novelis) for US$ 2.80 Bn (~Rs. 21,500 crore) amounts to around ~60% of the consolidated tangible networth of HIL as on March 31, 2019. The acquisition being entirely debt funded has resulted into elevation in the leveraged ratios of HIL in near future. Furthermore, likely moderation in the operational performance caused by lower demand outlook in the domestic as well as global markets is likely to impact the Leverage ratios such as total debt/ PBILDT and interest coverage ratios. However, HIL has strong financial flexibility supported by refinancing capabilities of the company. Financial flexibility if HIL is also backed by negligible repayment obligation for

next couple of years and strong liquidity position.

Highly susceptible to volatility in metal prices

Prices of Aluminium have been on declining trend after FY18. Copper prices too after a recovery in FY18-19, declined in FY20. LME (London Metal Exchange) aluminium/copper prices continue to remain volatile as these are impacted by geopolitical events and state of global economy. Prices of these commodities significantly influence the profitability margins, thereby remains the key monitorable.

Future Capex Plans

The brownfield capacity expansion under Utkal of 500 KT is on schedule and is expected to be commissioned by FY21. Novelis is expanding the capacity of the auto parts segment in its US and China factory with a planned capex of US$ 300 Million and US$ 180 Million respectively. These are expected to be commissioned by the end of FY21.

Industry Outlook & Impact of Covid-19

Aluminium prices are likely to remain under pressure due to uncertainty related to extensions of lockdowns due to the Coronavirus pandemic. Slowdown in manufacturing activities due to lockdowns across the country will hit demand for the metal. Demand from other user industries like automobiles is also expected to remain muted as major automobiles manufacturers have already shutdown their plants due to lower demand and lockdown measures announced by government.

For copper, global demand from the European, Middle East and the US markets is likely to remain muted for the next one quarter and prices for most of the base-metals are likely to remain subdued, owing to significant demand-supply disruptions.

Liquidity: Strong

Liquidity is marked by strong accruals against negligible repayment obligations. Owing to significant prepayments of term loans, the company has negligible debt repayment obligations in the short to medium term period. Furthermore, the company has free cash and liquid investments to the tune of Rs. 12,661 crore as on September 30, 2019. With a gearing of 1.62 times as of March 31, 2019, the issuer has sufficient gearing headroom, to raise additional debt for its capex. Its unutilized bank lines are more than adequate to meet its incremental working capital needs over the next one year.

Analytical approach:

CARE has adopted consolidated approach. HIL has 47 subsidiaries having significant operational and financial linkages. All the subsidiaries are either operating in the similar line of business or business related to non-ferrous metals industry. There is significant reliance of these entities on parent and business inter-linkages are present between parent and subsidiaries. The list of subsidiaries is mentioned in Annexure-3.

Applicable Criteria

Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
Short Term Instruments
CARE's Policy on Default Recognition
Rating Methodology - Manufacturing Companies
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Financial ratios – Non-Financial Sector

About the Company

HIL, the flagship metals company of the Aditya Birla group, commenced operations in 1962. It has manufacturing facilities at multiple locations namely Hirakud (Odisha), Renukoot (Uttar Pradesh), Aditya (Odisha), Mahan (Madhya Pradesh), Belgaum (Karnataka), Muri (Jharkhand) and Dahej (Gujarat). The company is one of the lowest cost producers of primary aluminium in the world. Over the years, it has grown to become the largest integrated aluminium manufacturer in Asia with alumina capacity of 3 mtpa (million tons per annum) and aluminium smelting capacity of 1.3 mtpa. Furthermore, Novelis has aluminium value added downstream capacity of 3.3 million tonnes. The company is also a custom smelter of copper with a capacity of 0.5 mtpa at Dahej with a fertilizer plant, captive power plant and jetty. HIL has 47 subsidiaries, including Novelis Inc. (a manufacturer of aluminium rolled products, a leading provider of rolling and continuous casting technology and a leader in aluminium recycling) which was acquired in FY08. The acquisition of Novelis made HIL the world's largest aluminium rolling company. Novelis is also the world leader in recycling used aluminium beverage cans and has diversified geographical presence with headquarters in USA and 25 operating facilities in four continents: North America, South America, Asia and Europe.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	1,16,148	1,31,371
PBILDT	14,842	16,294
PAT	6,083	5,495
Overall gearing (times)	1.68	1.62
Interest coverage (times)	3.80	4.31

A: Audited; Financials have been reclassified as per CARE standards

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	ISIN	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-		-	September 30, 2030	9680.12	CARE AA+; Negative
Fund-based - LT-Working Capital Limits	-		-	-	1642.50	CARE AA+; Negative
Non-fund-based - LT/ ST-BG/LC	-		-	-	11590.50	CARE AA+; Negative / CARE A1+
Term Loan-Short Term (Proposed)	-		-	-	1000.00	CARE A1+
Debentures-Non Convertible Debentures	April 25, 2012	INE038A07258	9.55%	April 25, 2022	3000.00	CARE AA+; Negative
Debentures-Non Convertible Debentures	June 27, 2012	INE038A07266	9.55%	June 27, 2022	1500.00	CARE AA+; Negative
Debentures-Non Convertible Debentures	August 2, 2012	INE038A07274	9.60%	August 2, 2022	1500.00	CARE AA+; Negative`
Commercial Paper-Commercial Paper (Standalone)	April 13,2020	INE038A14270	5.60%	July 10, 2020	600.00	CARE A1+
Commercial Paper-Proposed	-	-	-	-	400.00	CARE A1+

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.	Debentures-Non Convertible Debentures	LT	6000.00	CARE AA+; Negative	-	1)CARE AA+; Stable (09-Oct-19)	1)CARE AA+; Stable (06-Jul-18)	1)CARE AA+; Stable (26-Sep-17)
2.	Fund-based - LT-Term Loan	LT	9680.12	CARE AA+; Negative	-	1)CARE AA+; Stable (09-Oct-19)	1)CARE AA+; Stable (09-Oct-18) 2)CARE AA+; Stable (06-Jul-18)	1)CARE AA+; Stable (26-Sep-17)
3.	Fund-based - LT-Working Capital Limits	LT	1642.50	CARE AA+; Negative	-	1)CARE AA+; Stable (09-Oct-19)	1)CARE AA+; Stable (09-Oct-18) 2)CARE AA+; Stable (06-Jul-18)	1)CARE AA+; Stable (26-Sep-17)
4.	Non-fund-based - LT/ ST-BG/LC	LT/ST	11590.50	CARE AA+; Negative / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (09-Oct-19)	1)CARE AA+; Stable / CARE A1+ (09-Oct-18) 2)CARE AA+; Stable / CARE A1+ (06-Jul-18)	1)CARE AA+; Stable / CARE A1+ (26-Sep-17)
5.	Commercial Paper-Commercial Paper (Standalone)	ST	1000.00	CARE A1+	-	1)CARE A1+ (09-Oct-19)	1)CARE A1+ (09-Oct-18) 2)CARE A1+ (06-Jul-18)	1)CARE A1+ (26-Sep-17) 2)CARE A1+ (23-Aug-17)
6.	Term Loan-Short Term	ST	1000.00	CARE A1+	-	1)CARE A1+ (09-Oct-19)	1)CARE A1+ (09-Oct-18)	-

Annexure-3: List of Subsidiary companies

	List of Subsidiary companies
1	Minerals and Minerals Limited
2	Renuka Investments and Finance Limited
3	Renukeshwar Investments and Finance
4	Suvas Holding Limited
5	Utkal Alumina International Limited
6	Hindalco-Almex Aerospace Limited
7	Lucknow Finance Company Limited
8	Dahej Harbour and Infrastructure Limited
9	East Coast Bauxite Mining Co.Pvt.Ltd.
10	Mauda Entergy Limited %
11	Utkal Alumina Technical and General Services
12	A V Minerals (Netherlands) N.V.
13	A V Metals Inc.
14	Novelis Inc.
15	4260848 Canada Inc.

	List of Subsidiary companies
16	4260856 Canada Inc.
17	Novelis South America Holdings LLC
18	Novelis (India) Infotech Ltd.
19	Novelis Corporation (Texas)
20	Novelis de Mexico SA de CV
21	Novelis do Brasil Ltda.
22	Novelis Korea Limited
23	Novelis UK Ltd.
24	Novelis Services Limited
25	Novelis Deutschland GmbH
26	Novelis Aluminium Beteiligungs GmbH
27	Novelis Switzerland SA
28	Novelis Laminés France SAS
29	Novelis Italia SPA
30	Novelis Aluminium Holding Company
31	Novelis PAE SAS
32	Novelis Europe Holdings Limited
33	Novelis AG (Switzerland)
34	Novelis Holdings Inc.
35	8018227 Canada Inc.
36	Novelis Acquisitions LLC
37	Novelis Sheet Ingot GmbH (Germany)
38	Novelis MEA Ltd (Dubai)
39	Novelis (Shanghai) Aluminum Trading Company
40	Novelis (China) Aluminum Products Co. Ltd.
41	Novelis Vietnam Company Limited (Vietnam)
42	Novelis Services (North America) Inc.
43	Novelis Services (Europe) Inc.
44	Brecha Energetica Ltda
45	Global Employment Organization (GEO) - Repurpose of Eurofoil and PAE Delaware
46	Hindalco Guinea SARL
47	Hindalco Do Brazil Industria Comercia de Alumina

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**

M.S.R Iron & Steel Industries India Private Limited

May 22, 2020

Ratings

Facilities	**Amount (Rs. crore)**	**Ratings**[1]	**Rating Action**
Long term bank facilities	30.31	**CARE B+; ISSUER NOT COOPERATING* (Single B Plus; ISSUER NOT COOPERATING*)**	Revised from CARE BB-; Stable; Issuer Not Cooperating*(Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*); Based on best available information
Short term Bank facilities	9.69	**CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Total Facilities	**40.00 (Rupees Forty Crore only)**		

Detailed Rationale & Key Rating Drivers

CARE had vide its press release dated March 25, 2019 placed the rating of M.S.R Iron & Steel Industries India Private Limited (MSR) under the issuer non cooperating category as the company had failed to provide information for monitoring of the rating. MSR continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated May 08, 2020. 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**.**

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 ratings assigned to M.S.R Iron & Steel Industries India Private Limited take into account the declining profit margins and deterioration in the capital structure of the company in FY19. The ratings are further constrained by the moderate scale of operations, working capital intensive nature of business.

The ratings, however, draw strength, from Long track record of the promoters in the industry and Established relationship with suppliers like Rashtriya Ispat Nigam Limited (RINL), Steel Authority of India Ltd (SAIL) etc.

Detailed description of the key rating drivers At the time of last rating on March 20, 2019 the following were the rating strengths and weaknesses (updated for the latest information available)

Key Rating Weaknesses

High leverage

MSR depends on short term bank borrowings to fund the working capital requirements of the company. This has resulted in very high leverage levels for the company with high overall gearing of 4.34x and Total Debt to Gross Cash Accruals at 6.68x as on March 31, 2019.

Thin Profit Margins

MSR is into trading of TMT bars and HR/CR steel which are primarily used in construction and auto industry, the prices of which are highly volatile. The company, on an average holds stock amounting to approximately 2.5-3 months' sales, as such, is exposed to the risk of price volatility from the time of procurement of the product till sale of the same. The competition and commodity nature of the product leaves the company with very low pricing flexibility which in turn affects the profitability.

Liquidity: Stretched

Liquidity is marked by tightly matched accruals to repayment obligations, highly utilized bank limits. The company mainly depends on Working capital borrowings from the bank to fund its day to day trading activity. The company maintains an inventory of about 50-80 days and is around 56 days as on March 31, 2019. The collections period is in the range of 38-54 day over the last three years.

[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.*

Key Rating Strengths
Long track record and experience of promoters
The Promoters of the company have a longstanding experience in the Iron and steel business. They have been involved in the distribution of Iron and Steel products of leading Steel producers like RINL, SAIL etc. One of the main promoters, Mr Balasubramanian, has been involved in the business for more than 25 years. The other promoters also have been involved in the business for more than 10 years and have widespread experience of the business in entire Tamil Nadu.

Established relationship with suppliers like RINL, SAIL
MSR functions as an established dealer to RINL (Vizag Steel) & SAIL in distributing steel products such as TMT bars, hot rolled Plates, Cold Rolled Steel and other steel products. Both the suppliers constitute around 95% of the company's total business.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
CARE's 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

About the Company
MSR was formed in 2009 and is engaged in Iron & steel trading business. The company originally started as a dealer in TMT bars, Cold Rolled, Hot Rolled Steel and currently is an exclusive dealer for SAIL & RINL with 3 branches at Keeranatham, Madurai & Tirupur. The company has its headquarters at Coimbatore.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	126.01	155.10
PBILDT	4.03	2.57
PAT	0.66	4.41
Overall gearing (times)	3.87	4.34
Interest coverage (times)	1.41	0.79

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	-	-	-	20.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	Feb 2019	0.31	CARE B+; 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-Proposed fund based limits	-	-	-	10.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Proposed non fund based limits	-	-	-	4.69	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	20.00	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* (25-Mar-19)	1)CARE BB-; Stable (26-Feb-18) 2)CARE BB-; Stable (19-Feb-18)
2.	Non-fund-based - ST-Bank Guarantees	ST	5.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (25-Mar-19)	1)CARE A4 (26-Feb-18) 2)CARE A4 (19-Feb-18)
3.	Fund-based - LT-Term Loan	LT	0.31	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* (25-Mar-19)	1)CARE BB-; Stable (26-Feb-18) 2)CARE BB-; Stable (19-Feb-18)
4.	Fund-based - LT-Proposed fund based limits	LT	10.00	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* (25-Mar-19)	1)CARE BB-; Stable (26-Feb-18)

5.	Non-fund-based - ST-Proposed non fund based limits	ST	4.69	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (25-Mar-19)	1)CARE A4 (26-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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Momai Apparels Limited
May 22, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating[15]	Rating Action
Long-term Bank Facilities	0.00	-	**Issuer Not Cooperating; Revised from CARE C (CE)* [Single C (Credit Enhancement)] to CARE D [Single D] Issuer Not Cooperating; based on best available information and withdrawn**
Total Facilities	**0.00**		

*Previously backed by the unconditional and irrevocable corporate guarantee from Ashapura Intimate Fashions Limited (AIFL) to the lenders of Momai Apparels Limited (MAL) for repayment of debt obligations of MAL

Details of instruments/facilities in Annexure

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated December 26, 2018 had placed the ratings of Momai Apparels Limited (MAL) under the 'issuer non-cooperating' category as company had failed to provide information for monitoring of the rating. The revision in the rating takes into account the non-availability of requisite information due to non-cooperation by MAL with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile. 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.
MAL has been merged with Ashapura Intimate Fashions Limited (AIFL) [rated CARE D; Issuer Not Cooperating]. However, though proposal of merger of limits of Momai Apparels Limited (MAL) into AIFL were approved by the bank, but documentation was pending. Hence at the time of the previous review CARE continued to maintain ratings of MAL separately.
The previous ratings of 'CARE C (CE); Issuer Not Cooperating' assigned to the bank facilities of Momai Apparels Limited were backed by the unconditional and irrevocable Corporate Guarantee from AIFL. Since the bank facilities of AIFL[16] have been classified as NPA, CARE believes that the facilities of MAL are also likely to be in default and has accordingly taken the above rating action.
CARE has also withdrawn the outstanding ratings of MAL with immediate effect. The withdrawal action has been taken due to the amalgamation of the entity with its parent company Ashapura Intimate Fashions Limited (AIFL) wherein it may no longer be useful or necessary for CARE to maintain a rating on the rated entity's obligations.

Analytical approach: Standalone
Applicable criteria
Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Policy on Withdrawal of ratings

About the Company

Momai Apparels Limited (MAL) [erstwhile Momai Apparels Private Limited (MAPL)] is engaged in the business of manufacturing lounge wear, comfort wear and intimate wear primarily for AIFL. MAL belongs to Ashapura group which has been promoted by Mr Harshad Thakkar and his family. Incorporated in 2006, Ashapura Intimates Fashion Limited (AIFL) is engaged in the business of designing, branding, marketing and retailing of intimate garments under established brands (viz. Valentine, N-Line, Night & Day, Valentine Sports etc) and undertakes sales through organized retail chains and own outlets. All its products are being manufactured by its subsidiary, Momai Apparels Ltd (MAL) at its manufacturing facility in Vapi, Gujarat. However MAL has been merged with the company with appointed date of April 01, 2016. The National Company Law Tribunal Mumbai bench (NCLT) vide its order dated September 28, 2017 had approved the Scheme of Amalgamation of MAL with AIFL.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*
[16] *With reference to CARE's Press Release dated July 25, 2019*

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	-	-	-	-	Withdrawn

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)CARE C (SO); ISSUER NOT COOPERATING* (26-Dec-18) 2)CARE C (SO) (23-Nov-18) 3)CARE B (SO); Stable (05-Nov-18) 4)CARE BBB- (SO) (Under Credit watch with Negative Implications) (15-Oct-18)	1)CARE A (SO); Stable (17-Nov-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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Ramesh Iron & Steel Company India Private Limited
May 22, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long term bank facilities	101.07	**CARE B+; ISSUER NOT COOPERATING* (Single B Plus; ISSUER NOT COOPERATING*)**	Revised from CARE BB-; Stable; Issuer Not Cooperating*(Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*); Based on best available information
Short term Bank facilities	8.93	**CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Total Facilities	**110.00 (Rs. One hundred and ten Crore only)**		

Detailed Rationale & Key Rating Drivers
CARE had vide its press release dated March 25, 2019 placed the rating of Ramesh Iron & Steel Company India Private Limited(RISCO) under the issuer non cooperating category as the company had failed to provide information for monitoring of the rating. RISCO continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated May 08, 2020. 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**.**

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 ratings assigned to Ramesh Iron & Steel Company India Private Limited take into account the declining profit margins and deterioration in the capital structure of the company in FY19. The ratings are further constrained by the working capital Intensive nature of operations. The ratings, however, draw strength, from long track record of the promoters in the industry and established relationship with suppliers like Rashtriya Ispat Nigam Limited (RINL), Steel Authority of India Limited (SAIL) etc.

Detailed description of the key rating drivers
At the time of last rating on March 20, 2019 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies)

Key Rating Weaknesses
High Leverage
The company mainly depends on short term bank borrowings to fund its working capital requirements. The company has an inventory period of about 58-70 days and the collection period has remained at 38-55 days in the past. This has resulted in very high leverage levels for the company with overall gearing of 5.51x and Total Debt to Gross Cash Accruals stood at 11.58x as on March 2019.

Thin Profit Margins
MSR is into trading of TMT bars and HR/CR steel which are primarily used in construction and auto industry, the prices of which are highly volatile. The company, on an average holds stock amounting to approximately 2.5 months' sales. Due to such high inventory holding, company is exposed to the risk of price volatility from the time of procurement of the product till sale of the same.

Liquidity: Stretched
Liquidity is marked by tightly matched accruals to repayment obligations, highly utilized bank limits. The company mainly depends on Working capital borrowings from the bank to fund its day to day trading activity. The company maintains an inventory of about 50-70 days and is around 62 days as on March 31, 2019. The collections period is in the range of 38-42 day over the last three years.

[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.*

Key Rating Strengths
Long track record and experience of promoters
The Promoters of the company have a longstanding experience in the Iron and steel business. They have been involved in the distribution of Iron and Steel products of leading Steel producers like RINL, SAIL etc. One of the main promoters, Mr Balasubramanian, has been involved in the business for more than 25 years. The other promoters also have been involved in the business for more than 10 years and have widespread experience of the business in entire Tamil Nadu.

Established relationship with suppliers like RINL, SAIL
RISCO functions as an established dealer to RINL (Vizag Steel) & SAIL in distributing steel products such as TMT bars, hot rolled Plates, Cold Rolled Steel and other steel products. Both the suppliers constitute around 95% of the company's total business.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
CARE's 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

About the Company
RISCO was formed in 2009 and is engaged in Iron & steel trading business. The company originally started as a dealer in TMT bars, Cold Rolled, Hot Rolled Steel and currently is an exclusive dealer for SAIL & RINL with five branches at Coimbatore (2), Tirupur, Trichy and Cochin. The company has its headquarters at Coimbatore.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	303.55	364.83
PBILDT	10.64	2.04
PAT	1.25	7.37
Overall gearing (times)	5.13	5.51
Interest coverage (times)	1.42	0.25

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	-	-	-	50.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	Feb 2019	1.07	CARE B+; 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-Working Capital Limits	-	-	-	20.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Proposed fund based limits	-	-	-	30.00	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Proposed non fund based limits	-	-	-	3.93	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	50.00	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* (25-Mar-19)	1)CARE BB-; Stable (26-Feb-18) 2)CARE BB-; Stable (19-Feb-18)
2.	Non-fund-based - ST-Bank Guarantees	ST	5.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (25-Mar-19)	1)CARE A4 (26-Feb-18) 2)CARE A4 (19-Feb-18)
3.	Fund-based - LT-Term Loan	LT	1.07	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* (25-Mar-19)	1)CARE BB-; Stable (26-Feb-18) 2)CARE BB-; Stable (19-Feb-18)
4.	Fund-based - LT-Working Capital Limits	LT	20.00	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* (25-Mar-19)	1)CARE BB-; Stable (26-Feb-18) 2)CARE BB-; Stable (19-Feb-18)
5.	Fund-based - LT-Proposed fund based limits	LT	30.00	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* (25-Mar-19)	1)CARE BB-; Stable (26-Feb-18)
6.	Non-fund-based - ST-Proposed non fund based limits	ST	3.93	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (25-Mar-19)	1)CARE A4 (26-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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Technorings
May 22, 2020

Rating

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Long Term Bank Facilities	5.85	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Revisedfrom CARE BBB-; Stable (Triple B Minus; Outlook: Stable)
Total facilities	5.85 (Rs. Five Crore and Eighty-Five Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facilities of Technorings (TR) takes into account decline in total operating income, decline in profitability margins and elongated operating cycle in FY20 (Prov.) (refers to period April 01 to March 31). The ratings continue to be tempered by modest scale of operations, constitution of the entity being partnership firm and highly competitive with fragmented nature of auto components industry. The ratings, however, derive benefit from experienced promoters and comfortable capital structure and debt coverage indicators.

Rating Sensitivities

Positive Factors

- Improvement in capital structure with overall gearing ratio of below 0.50 times on sustained basis

Negative Factors

- Any significant decline in TOI or profitability with a negative variation of more than 25%
- Elongation in operating cycle beyond 100 days

Detailed description of the key rating drivers

Key Rating Weaknesses

Modest scale of operations with decrease in total operating income and profitability margins in FY20 (Prov.)

The scale of operations of the firm marked by the total operating income has declined significantly by 50.44% and stood at Rs.59.03 crore in FY20 (prov.) as compared to 119.10 crore in FY19 due to reduction in the orders at the back of decrease in demand for automobiles during FY20. The amid covid-19 pandemic may affect the firms fresh orders for the FY21, coupled with slow traction of sales in automobile industry can lead to further decline in TOI.

The profitability margins marked by PBILDT margin declined by 575bps and stood at 9.12% in FY20 (Prov.) as compared to 14.15% in FY19 due to increase in cost of materials and valuation of closing stock at scrap value which is expected to be obsolete in BS-6 regime. Further, the PAT margin also declined by 544 bps and stood low at 1.15% in FY20 as compared to 6.59% in FY19 on back of decrease in PBILDT in absolute terms.

Elongated operating cycle

The operating cycle of the firm stood elongated at 100 days in FY20 (Prov.) as compared to 50 days in FY19. The firm offers a credit period of around 30 to 90 days to its customers as majority of them are large size players which possess high bargaining power. The average collection period of the firm stood at 136 days for FY20 (Prov.) as compared to 107 days in FY19. The firm receives a credit period of 30 to 60 days and maintains inventory period up to 30 days for smooth production process. The average utilization of its working capital limits stood at ~60% for 12-month period ended April, 2020.

Constitution of the entity being partnership firm

Technorings 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 and insolvency of partners. Moreover, partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision for the lenders. Further, the partners have withdrew the capital to tune of Rs. 8.57 crore during FY20 (Prov.).

Highly competitive with fragmented nature of auto components industry

Technorings operates in a highly competitive industry wherein there is presence of a large number of players in the unorganized and organized sectors. Furthermore, the auto component industry is largely unorganized in structure, consisting of around 45- 50% of the overall industry size. The unorganized segment mainly caters to the replacement market and to tier II and III suppliers. The organized segment majorly caters to the OEM segment.

Key Rating Strengths

Experienced Promoters

Partners of the firm have vast experience in the auto component industry through their association with Techno Rings and its sister concerns like Bhoopalam Marketing Services and Bhoopalam R Nanjunadyya & Co. Mr.B.N.Satyanarayana with an experience of more than five decades. The promoter group is also resourceful and has been infusing funds in the form of unsecured loans to support company's growing operations. Further, the top management of the firm is supported by a team of experienced professionals in managing the day-to-day operations.

Comfortable capital structure and debt coverage indicators albeit declined in FY20 (Prov.)

The capital structure marked by the overall gearing ratio has deteriorated marginally from 0.26x as on March 31, 2019 to 0.34x as on March 31, 2020 (Prov.) due to decrease in net worth backed by withdrawal of capital Rs. 8.57 crore by partners for personal use during FY20. The debt profile of the firm constitutes of working capital borrowing of Rs. 3.19 crore, unsecured loan of Rs. 4.91 crore and Vehicle loan of Rs. 0.62 crore as on March 31, 2020 (Prov.). Further, the debt coverage indicators of the firm marked by interest coverage ratio though deteriorated, stood comfortable at 2.89x in FY20 (prov.) as compared to 4.56x in FY19 due to decrease in PBILDT in absolute terms albeit decrease in interest cost.

Liquidity: Stretched

In the light of lockdown due to COVID 19, the firm's cash generation is stressed but supported by the bank finance. The firm has availed moratorium from all the bank towards debt obligations of working capital facility from March 2020 to May 2020 and bank limits are utilized to the extent of 60% for period of last 12 months ending April 30, 2020. However, TR has cash and cash equivalents of Rs. 2.15 crore and supported by above unity current ratio at 1.81x as on March 31, 2020 (Prov.).

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-Manufacturing Companies
Rating Methodology-Auto Ancillary Companies

About the Firm

Karnataka based, Techno Rings was established on June 20, 1992 as a partnership firm and is currently being managed by Mr. B. N. Satyanarayana, Mr. B. N. Viswendra, Mr. B. S. Shashidhara, Mr. B. S. Bharath and Mr. B. S. Sharath. The firm is engaged in manufacturing of clutch plates, brackets, ADI components, IND hardening components; at its manufacturing facility located in Karnataka

Brief Financials (Rs. crore)	FY19(A)	FY20 (P)
Total operating income	119.10	59.03
PBILDT	17.71	5.38
PAT	7.85	0.68
Overall gearing (times)	0.26	0.34
Interest coverage (times)	7.38	2.89

A: Audited; P: Provisional

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

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	-	-	-	4.25	CARE BB+; Stable
Fund-based - LT-Bank Overdraft	-	-	-	1.60	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 - LT-Cash Credit	LT	4.25	CARE BB+; Stable	-	1)CARE BBB-; Stable (30-Mar-20)	1)CARE BBB-; Stable (15-Feb-19)	1)CARE BBB-; Stable / CARE A3 (17-Nov-17)
2.	Fund-based - LT-Bank Overdraft	LT	1.60	CARE BB+; Stable	-	1)CARE BBB-; Stable (30-Mar-20)	1)CARE BBB-; Stable (15-Feb-19)	1)CARE A3 (17-Nov-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

Aussee Oats India Limited
May 22, 2020

Ratings

Bank Facilities	Amount (Rs. crore)	Rating[18]	Rating Action
Long Term/Short Term bank facilities	8.00*	**CARE A- (CE) / CARE A2+ (CE) [Single A Minus (Credit Enhancement)/A Two Plus (Credit Enhancement)] (Credit watch with Negative Implications)**	**Revised from CARE A (CE)/CARE A1 (CE) (Credit Enhancement) [Single A (Credit Enhancement)/A One (Credit Enhancement] Continues to be on credit watch with negative implications**
Long Term/Short Term bank facilities	3.00^	**Provisional CARE A- (CE) / CARE A2+ (CE) [Provisional Single A Minus (Credit Enhancement)/ A Two Plus (Credit Enhancement)] (Credit watch with Negative Implications)**	**Revised from Provisional CARE A (CE)/ CARE A1 (CE) (Credit Enhancement) [Provisional Single A (Credit Enhancement)/A One (Credit Enhancement] Continues to be on credit watch with negative implications**
Total	**11.00 (Rs. Eleven crore Only)**		

Details of instruments/facilities in Annexure-1

*The above ratings are based on the credit enhancement in the form of **unconditional and irrevocable corporate guarantee** provided by **Future Consumer Limited**.

^Proposed facilities, to be backed by proposed credit enhancement in the form of unconditional and irrevocable corporate guarantees of Future Consumer Limited

Unsupported Rating [19]	**CARE BB+ /CARE A4+ (Double B Plus/A Four Plus)**

Detailed Rationale & Key Rating Drivers for the credit enhanced debt of Aussee Oats India Limited (AOIL)

The ratings assigned to the bank facilities of AOIL are based on the credit enhancement in the form of unconditional and irrevocable corporate guarantee provided by Future Consumer Ltd. [FCL, rated CARE A- (Single A Minus) (Credit watch with negative implications for long term facilities, CARE A2+ (A Two Plus) (Credit watch with negative implications) for Short term facilities and CARE A-/CARE A2+ (Single A Minus/A Two Plus) (Credit watch with negative implications) for its Long Term/ Short Term facilities] for the bank facilities of Aussee Oats India Limited(AOIL).

Rating Rationale of the Guarantor - Future Consumer Limited (FCL)

Detailed Rationale & Key Rating Drivers of FCL

CARE has revised the Long Term and Short Term ratings assigned to the bank facilities/instruments of Future Consumer Limited (FCL) and continued to keep the ratings under 'Credit Watch with Negative Implications'.
The revision of ratings assigned to the bank facilities and instruments of FCL primarily factors in continuous weakening of business and financial risk profile of its key customer which is also the flagship entity of the Future Group i.e. Future Retail Limited (FRL) [rated CARE A- (Credit Watch with negative implications) /CARE A2+ (Credit watch with negative implications)] [20]. FRL is engaged mainly in home & electronics retailing and value retailing. FRL operates Big Bazaar, Easy Day, Foodhall among other format stores. Due to the coronavirus pandemic, the retail sector has been one of the most adversely affected sectors as all the malls/retail outlets which house various retailers (for staples as well as for products associated with discretionary spending, such as consumer durables, fashion goods and garments) have been shut following the lockdown imposed by the Government and its subsequent extensions. CARE expects the recovery in retail sector to be slow and gradual on account of subsequent extensions of nationwide lockdown and given the likely reduction in discretionary spend by the customers towards non-essential items.

FCL has significant financial and operational linkages with FRL which is its largest customer accounting for almost 80% of its sales in FY19. The impact of the coronavirus crisis on FRL and overall on the Indian retail sector is thus expected to

[3] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*
[19] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019*
[20] *Vide CARE's Press Release dated May 13, 2020*

have a cascading effect on FCL in terms of shrinkage in business volumes and operating cashflow. CARE Ratings believes that a significant reduction in operating cash flows during the year could further stress the liquidity position of FCL.

Since FCL is essentially in the business of food, staples and essentials which are exempt from the lockdown, the business impact is expected to be not very drastic as compared to other sectors. However, factors such as subsequent extensions of lockdown, economic slowdown, disruption in supply chain and logistics, exodus of migrant workers, change in consumer behavior with preference towards online purchases with the intention to avoid crowded spaces such as retail outlets, continue to undermine the business prospects and thus the credit profile of FCL. To reduce dependency on Future group for business prospects, FCL has been diversifying its sales across new retailers as well as formats – it recently commenced sales to Amazon where revenues generated through its online channels have been gaining traction. FCL has also has been adopting several cost saving measures and implementing more efficient collection policies to keep debtors in check and safeguard its liquidity.

The rating action also continues to factor in the decline of overall market capitalization of the Future group, thereby impacting financial flexibility and making it more challenging to raise further capital. CARE also notes that the non-essential businesses of other Future Group companies are also under pressure due to the ongoing coronavirus crisis.

The ratings continue to derive strength from a stable operational performance in FY19, 9MFY20 and stable capital structure due to equity raising. Further, the ratings continue to derive strength from the experienced promoter group of FCL in retail sector as well as its presence across the fast moving consumer goods (FMCG) value chain – from sourcing and processing, to branding and distribution in rural and urban markets. The ratings also factor in the established private label FMCG brands of the company.

The rating strengths are tempered by low profitability, intense competition from organised and unorganised sector players, uncertainty on account of the coronavirus crisis and weakened financial flexibility of the parent group. CARE notes that some of the newly set-up subsidiaries/JV's of FCL are gradually commencing operations. However, given the current pandemic situation, adverse external factors and the fact that credit profile of some these entities are contingent upon FCL, CARE believes that FCL may have to continue rendering financial support to these subsidiaries/JV's, albeit to a lesser extent. FCL has also sought a moratorium on payments from its lenders as part of the COVID19 - Regulatory Package announced by the RBI on March 27, 2020.

The ratings continue to remain on credit watch. CARE shall be continuously monitoring the coronavirus crisis and its impact on the business, financial risk profile and liquidity position of the company during this period. CARE may remove the ratings from watch, and would take a final action on the ratings once clarity emerges on these issues.

Key Rating Sensitivities of FCL

Positive

- Strong and resilient recovery in operations and cash flows across the Future Group post coronavirus crises could be positive for the rating.
- Stronger-than-anticipated business performance due to fast ramp-up of operations and cost optimization measures leading to improvement of PBILDT margin to 8%-10%.

Negative

- Further decline in the credit profile of the group due to the impact of coronavirus crisis or otherwise
- Weaker than anticipated recovery in operations of FCL post lockdown

Detailed description of the key rating drivers of FCL

Key Rating Strengths of FCL

Experienced promoter group

FCL is part of the Future Group, which is one of the largest retailers in India with Future Retail Ltd (FRL) being the flagship company of the group. The promoters of FCL are involved in the management of business and in defining and monitoring the business strategy for the company and have been successful in building and scaling up of value retail business in the country. Furthermore, the promoters are supported by a strong management team having significant experience in the FMCG and retail industry.

Capitalization of balance sheet leading to net debt reduction

FCL had raised around Rs. 300 crore equity in FY20 which is being utilised towards repayment of debt, development and expansion of manufacturing and processing operations for food and home & personal care products, expansion of its rural distribution network and working capital requirement. Total outstanding borrowings of FCL (Standalone) has come down from Rs. 735 crore as on March 31, 2019 to Rs. 648 crore as on September 30, 2019. Further, the company is exploring fund raising options through equity/equity linked instruments to further trim the existing debt.

Wide presence across FMCG value chain along with strong marketing, distribution network and optimized supply chain management

FCL is focused on developing an integrated strategy with presence across the FMCG value chain – from sourcing and processing, to branding and distribution in rural and urban markets. On a standalone basis, FCL has various business verticals viz. Private Brands (through contract manufacturing), fruits and vegetable sourcing, Agri-sourcing and processing. FCL constantly expands its product portfolio and has recently entered the dairy product segment and organic food segments with strategic tie-up from overseas brands. FCL distributes the Private Brands majorly to FRL (as per the requirement placed) which retails them through Big Bazaar and Food Bazaar networks. Big Bazaar is one of the largest value store chain in the country. Moreover, the company also sells through small stores format of Future group (Easy day and Heritage). FCL operates under an asset light business model, wherein warehouses are on long term lease basis and company invests in equipment/infrastructure required for the warehouse management. The warehouses help manage the supply chain activities of the private brands in the proximity areas. FCL also has an integrated food park in Tumkur, equipped to manufacture a wide range of FMCG products.

Demonstrated track record of stable operations

FCL's TOI has improved by 24% from FY18 to FY19. Increase in revenue in FY19 is mainly due to increase in income from private brands of the company which generates relatively better margin, and expansion of the distribution channel translating into higher sales volumes. PBILDT margin also improved from 4.16% in FY18 to 5.28% in FY19. FCL has now shifted its focus on expanding margins and achieving higher profitability with higher contribution of value -added products. During 9MFY20, FCL reported Total Operating Income of Rs. 2337.70 crore and PBILDT of Rs. 122.30 crore. FCL also carried out some rationalization of their product portfolio by focusing on core brands and categories and discontinuing those products not delivering desired revenue/return. FCL announced its online distribution tie-up with e-retailer giant Amazon for its portfolio of brands which is expected to increase share of sales outside Future group.

Key Rating Weaknesses of FCL

Subsequent extensions of nation-wide lockdown expected to cause a delayed recovery than expected initially

The 21-day nation-wide lockdown which had been announced on March 25, 2020 has subsequently been extended in order to contain the spread of the highly infectious coronavirus. Although there has been minor relaxation of lockdown in some districts in an endeavor to kick start the economy, the majority of the country continues to remain affected and hence under lockdown. The entire country has been divided into red, orange and green zones based upon the severity of the spread, with red being the most impacted and green being the least. However, essentials continue to be readily available, despite facing challenges on account of supply chain, logistics, restrictions on movements and exodus of migrant labourers and non-essentials have started selling in green zones. The larger cities of the country which contribute to higher volume of sales continue to remain in the Red Zone. Relaxation of the lockdown measures will be dependent upon directives from the government and extent of spread of coronavirus. CARE notes that the monthly sales of FCL for April 2020 has declined to significantly compared to the monthly sales before the pandemic set in. However, CARE believes that the dip in April 2020 is transient primarily on account of disruption in operations and is expected to improve in the short term with some relaxations permitted, constant demand and government's continued focus on making essentials readily available.

Significant exposure in subsidiaries/Joint ventures

FCL has been supporting its subsidiaries/JV's by providing loans as well as making investments/providing corporate guarantee to their debt for supporting their expansion plans. As on March 31, 2019, FCL on a standalone basis had investments of Rs. 706.20 crore (P.Y. Rs. 670.54 crore) in its various subsidiaries/JVs. These companies are engaged into procurement, trading, manufacturing, etc of FMCG goods. Total investments as on September 30, 2019 was Rs. 712.27 crore. Losses were incurred mainly due to expenses in subsidiaries/JVs which were yet to commence commercial operations. The management has always been constantly monitoring all their business verticals and taking steps to identify and address key weaknesses. CARE notes that some of the newly set-up subsidiaries/JV's of FCL are gradually commencing operations. However, given the current pandemic situation, adverse external factors and the fact that credit profile of some these entities are contingent upon FCL, CARE believes that FCL may have to continue rendering financial support to these subsidiaries/JV's albeit to a lesser extent.

Intense competition from organised and unorganised sector players
Indian FMCG market is characterized by a large number of organised and unorganised players. The domestic organised sector comprises of some of the world's biggest giants in this business who enjoy strong brand equity in the market while also commanding the highest market share. Overall, the FMCG market remains highly fragmented with widespread use of unbranded and unpacked products. CARE Ratings notes that given the greater awareness of hygiene during the current crises, consumer preferences could shift towards packaged and branded products leading to potentially higher revenues for the large organised players such as FCL.

Weakening of credit profile of key customer
FCL has significant financial and operational linkages with FRL which is its largest customer accounting for almost 80% of its sales in FY19. As per the management, the revenue dependence on FRL has declined significantly in FY20, although it continues to account for the bulk of sales. Due to the coronavirus pandemic, the retail sector has been one of the most adversely affected following the lockdown imposed by the Government and its subsequent extensions. FRL has currently been able to sell only lower margin essential items which has resulted in substantial decline in its monthly sales in March and April 2020. The impact of the coronavirus crisis on FRL and on Indian retail sector is thus expected to have a cascading effect on FCL in terms of shrinkage in business volume and operating cashflow. Despite disruptions, FCL management has been undertaking prompt efforts to improve collections will keep working capital in check.

Liquidity of FCL: Stretched
The company's liquidity has been severely impacted on account of lockdown measures. The company has applied to the lenders for moratorium as per RBI package. The group has applied to the bankers for enhancement in working capital limits and COVID19 emergency lines to alleviate present liquidity concerns. Some banks have already released the additional working capital limits. The group is also considering monetization of assets to trim debt. With respect to near-term debt repayment obligations upto H1FY21, FCL has to repay Rs. 20 crore towards redemption of NCD and Rs. 3 crore towards term loan installment. As on date company has Rs. 20 crore of free cash and cash equivalents.

Key Rating Drivers of Aussee Oats India Limited (AOIL)
The rating action follows revision in credit rating of the guarantor. The rating factors in strong parentage of the company coupled with financial support provided by the parent. The rating strengths are however tempered by relatively small scale of operations, high gearing ratio and competition in health food segment.

Detailed description of the key rating drivers of AOIL

Key Rating Strengths of AOIL
Parentage and financial support from Future Group
FCL has been constantly supporting the operations of AOIL by investing in the company or through extending advances. Furthermore, FCL (along with SVA India Ltd, the other shareholder) has also provided unconditional and irrevocable corporate guarantee to the lender of AOIL on behalf of the latter. While initially at the commencement of AOIL's operations in FY17, the operational linkages with the Future Group was strong, with the latter accounting for around 50% of AOIL's revenues, the same has progressively been declining due to the diversification of the client base and increasing sales to other clients in the country. As a result, in 9MFY20, the Future Group contributed to only around 8% of the total revenues. AOIL has also been reducing dependence on FCL for financial support.

Key Rating Weaknesses of AOIL
Small scale of operations, albeit improving
AOIL's scale of operations is modest with total revenue of Rs. 35 crore for FY19 and PAT of Rs. 0.26 crore. During 9MFY20, AOIL has reported a turnover of Rs. 24.19 crore and a PAT of Rs. 0.44 crore. The networth base of the company is small at Rs. 0.74 crore as on December 31, 2019. Within a span of four years since the company commenced operations, it has grown to become the second largest importer of oats in India after Pepsico. It clients include large FMCG players many of whom repackage and sell the product under their own brands. CARE believes that there is strong growth potential for the branded breakfast cereal market in India considering the changing habits and health awareness among the urban populace and the convenience (in terms of low preparation time) particularly for working professionals given their hectic lifestyles. This in turn in expected to translate into strong revenue growth for AOIL in the medium term.

Competition from organized players
AOIL is operating in the breakfast and healthy cereal food products segment, which has a presence of large domestic as well as multinational players from which it faces competition. However it has already garnered a significant market share, with number two position currently in the imported oats and muesli segment. While growing demand is likely to

provide ample scope for improvement in the scale of operations, CARE believes that competition based pricing pressure will continue to persist in the industry.

Analytical Approach:

Standalone and Guarantor's (Future Consumer Limited) assessment

Applicable Criteria

Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios - Non-Financial Sector
Rating Methodology: Consolidation and Factoring Linkages in Ratings
Criteria to Rate Credit Enhanced Debt
Liquidity Analysis of Non-Financial Sector Entities

About the Guarantor: Future Consumer Limited

Future Consumer Ltd. (FCL, erstwhile known as Future Consumer Enterprise Ltd.) is a part of the Future Group and operates as a food company. The company's line of business include branding, marketing, sourcing, manufacturing, and distribution of basic foods, ready to eat meals, snacks, beverages, dairy, personal hygiene and home care products of private label brands of the Future Group (such as Premium Harvest, Golden Harvest, Ektaa, Clean mate, Caremate, Tasty Treat, Fresh & Pure, Voom etc.) and other brands like Sunkist and Sach, primarily through Future group formats and outlets in urban and rural areas across India. As on March 31, 2019, the company has a portfolio of more than 27 brands across 70 key product categories.

Brief Financials (Rs. crore) (Standalone)	FY18 (A)	FY19 (A)	9MFY20 (UA)
Total operating income	2468.30	3048.77	2337.70
PBILDT	102.57	161.06	122.30
PAT	32.35	60.53	40.60
Overall gearing (times)	0.49	0.62	-*
Interest coverage (times)	2.25	2.44	1.86

A: Audited; UA: Unaudited;
*Debt as on December 31, 2019 not available

About the Company : Aussee Oats India Limited

Incorporated in October 2011, Aussee Oats India Ltd. (earlier Aussee Oats India Pvt. Ltd.) (AOIL) commenced trading from August 2016. AOIL is a 50-50 joint venture between SVA India Limited (SVA) and Future Consumer Limited (FCL). The company is engaged in the trading of breakfast and healthy cereal products (Oats, Muesli, etc.) to wholesale and retail segment. AOIPL imports various products from Aussee Oats Milling Pvt. Ltd. (Sri Lanka) and sells them in domestic market. The Company's products include Mueslis (Plain, Fruits, Dry Fruits, Chocolate and Protein Focused), Oats (Plain, Masala, Fruit, Chocolate and other variations), oat flour (coarse and fine) and husk briquettes. The Company has also launched bulk packaging of the products to be further processed by other vendors throughout India. While initially around 50% of the total revenue was generated from sales to the Future group, the same has reduced to below 10% in FY20. The company also exports packaging material, paints, stickers, condiments etc as per the requirement of Aussee Oats Milling Pvt. Ltd.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	17.21	35.14
PBILDT	0.29	0.59
PAT	0.00	0.26
Overall gearing (times)	60.03	18.63
Interest coverage (times)	0.96	1.11

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/Non-fund-based-LT/ST	-	-	-	1.00	CARE A- (CE) / CARE A2+ (CE) (Under Credit watch with Negative Implications)
Fund-based/Non-fund-based-LT/ST	-	-	-	4.00	CARE A- (CE) / CARE A2+ (CE) (Under Credit watch with Negative Implications)
Fund-based/Non-fund-based-LT/ST	-	-	-	3.00	CARE A- (CE) / CARE A2+ (CE) (Under Credit watch with Negative Implications)
Fund-based/Non-fund-based-LT/ST	-	-	-	3.00	Provisional CARE A- (CE) / CARE A2+ (CE) (Under Credit watch with Negative Implications)
Un Supported Rating-Un Supported Rating (LT/ST)	-	-	-	0.00	CARE BB+ / CARE A4+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 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/Non-fund-based-LT/ST	LT/ST	1.00	CARE A- (CE) / CARE A2+ (CE) (Under Credit watch with Negative Implications)	1)CARE A (CE) / CARE A1 (CE) (Under Credit watch with Negative Implications) (07-Apr-20)	1)CARE A (CE); Stable / CARE A1 (CE) (26-Sep-19) 2)CARE A (SO); Stable / CARE A1 (SO) (17-May-19)	1)CARE A (SO); Stable (03-Oct-18)	1)CARE A (SO); Stable (26-May-17)
2.	Fund-based/Non-fund-based-LT/ST	LT/ST	4.00	CARE A- (CE) / CARE A2+ (CE) (Under Credit watch with Negative Implications)	1)CARE A (CE) / CARE A1 (CE) (Under Credit watch with Negative Implications) (07-Apr-20)	1)CARE A (CE); Stable / CARE A1 (CE) (26-Sep-19) 2)CARE A (SO); Stable / CARE A1 (SO) (17-May-19)	1)CARE A1 (SO) (03-Oct-18)	1)CARE A1 (SO) (26-May-17)
3.	Fund-based/Non-fund-based-LT/ST	LT/ST	3.00	CARE A- (CE) / CARE A2+ (CE) (Under Credit watch with Negative Implications)	1)CARE A (CE) / CARE A1 (CE) (Under Credit watch with Negative Implications) (07-Apr-20)	1)CARE A (CE); Stable / CARE A1 (CE) (26-Sep-19) 2)CARE A (SO); Stable / CARE A1 (SO) (17-May-19)	1)Provisional CARE A (SO); Stable (03-Oct-18)	-
4.	Fund-based/Non-fund-based-LT/ST	LT/ST	3.00	Provisional CARE A- (CE) / CARE A2+ (CE) (Under Credit watch with Negative Implications)	1)Provisional CARE A (CE) / CARE A1 (CE) (Under Credit watch with Negative Implications) (07-Apr-20)	1)Provisional CARE A (CE); Stable / CARE A1 (CE) (26-Sep-19) 2)Provisional CARE A (SO); Stable / CARE A1 (SO) (17-May-19)	1)Provisional CARE A1 (SO) (03-Oct-18)	-
5.	Un Supported Rating-Un Supported Rating (LT/ST)	LT/ST	0.00	CARE BB+ / CARE A4+	1)CARE BB+ / CARE A4+ (07-Apr-20)	-	-	-

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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A. G. Enterprise
May 22, 2020

Ratings

Facilities	**Amount (Rs. crore)**	**Ratings**[1]	**Rating Action**
Long term Bank Facilities	10.00	**CARE B+; Stable; ISSUER NOT COOPERATING* [Single B Plus; Outlook: Stable; ISSUER NOT COOPERATING*]**	Issuer not cooperating; Revised from CARE BB-; Stable ISSUER NOT COOPERATING* [Double B Minus; Outlook; Stable; ISSUER NOT COOPERATING*] based on best available information
Short term Bank Facilities	81.80	**CARE A4; ISSUER NOT COOPERATING* [A Four; ISSUER NOT COOPERATING*]**	Issuer not cooperating; Based on best available information
Total Facilities	**91.80 (Rupee Ninety One Crore and Eighty Lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE, vide press release dated March 7, 2019, had placed the rating of A. G. Enterprise (AGE) under the 'Issuer Non-cooperating' category as the company had failed to provide information for monitoring of the ratings and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. AGE continues to be non-cooperative despite requests for submission of information through e-mails, phone calls and a letter/e-mail dated May 7, 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.
The ratings have been revised by taking into account non-availability of requisite information and non-cooperation by A. G. Enterprise with CARE's efforts to undertake a review of the rating outstanding.

Detailed description of the key rating drivers
At the time of last rating on May 7, 2019, the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Risk from adverse movement in scrap prices/foreign exchange rates: Shantamani Group (SHG) uses Letter of Credit (LC) facility to purchase old ships. Since the transactions are denominated in United States Dollars (USD), the firm is exposed to forex risk during the LC's usance period, as the firm's revenue is denominated in Indian Rupee (INR), providing no natural hedge for the purchase of ships. Moreover, steel being a cyclical industry, SHG continues to remain exposed to the volatility in steel scrap prices on its uncut ship inventory as well as unsold inventory of steel scrap held by the group.

Exposure to regulatory and environmental hazard risk: The ship-breaking industry in the Alang-Sosiya belt of Gujarat is highly regulated with strict working and safety standards to be maintained by the ship-breakers for their labourers and environmental compliance. Furthermore, the industry is prone to risks related to pollution as it involves dismantling of ships which contain various hazardous substances like lead, asbestos, acid, hazardous paints, etc. that have to be properly disposed-off as per the regulatory guidelines.

Key Rating Strengths
Long standing experience of management in the ship breaking industry: The management of SHG has been associated with ship breaking industry for more than two decades. Mr. Jayant Patel, who has vast experience of over 20 years in the ship breaking industry, is a partner in Shantamani Enterprise (SHM) and A. G. Enterprise (AGE), the two entities of SHG.

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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*

Location of yard in Alang having unique geographical features suitable for ship-breaking operations: SHG's ship breaking yards are located at Alang-Sosiya belt, which has unique geographical features including a high tidal range, wide continental shelf, 15 degree slope, and a mud free coast, which are ideal for beaching ship of any size easily during high tide.

Analytical approach: Combined view of Shantamani Enterprise and A. G. Enterprise.
For the purpose of analysis, CARE had earlier considered a combined view for three entities of the group, viz., Shantamani Enterprises, A. G. Enterprise (AGE) and J. K. Industries (JKI) [referred as Shantamani Group (SHG)] due to their operational, financial and managerial linkages. All the three entities have a common management, as Mr. Jayant Patel, the partner of AGE & SHM manages the affairs of all the three entities (as partner in AGE & SHM and as business manager in JKI). However, in end FY18, JKI closed down its ship breaking business and surrendered its bank facilities. Hence, for analytical purposes, a combined view of SHM and AGE has been taken into consideration now, referred to as Shantamani Group (SHG).

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

About the Firm
Established as a proprietorship firm by Mr. Ashwin Kukadia, A. G. Enterprise (AGE) is engaged in ship breaking activities in Bhavnagar district in Gujarat. During FY17, A. G. Enterprise (AGE) was reconstituted as a partnership firm and Mr. Jayant N. Patel was admitted to the partnership with equal profit-sharing. The operations of the firm are managed by Mr. Jayant N. Patel, who in addition to AGE also manages another group entity engaged in similar business in Alang, viz. Shantamani Enterprise.
Brief Financials of SHG (Combined) are tabulated below:

Brief Financials (Rs. Crore)	FY16 (A)	FY17 (A)
Total operating income	16.21	55.26
PBILDT	3.62	4.48
PAT	1.89	2.17
Overall gearing (times)*	1.51	0.57
Interest coverage (times)	4.06	4.27

A: Audited; *Considering Net Debt

Brief Financials of AGE (Standalone) are tabulated below:

Brief Financials (Rs. Crore)	FY16 (A)	FY17 (A)
Total operating income	2.52	15.83
PBILDT	0.77	1.16
PAT	0.53	0.60
Overall gearing (times)	0.59	0.00
Interest coverage (times)	3.31	3.85

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/Non-fund-based-LT/ST	-	-	-	10.00	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-Short Term	-	-	-	81.80	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/Non-fund-based-LT/ST	LT/ST	10.00	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* (07-Mar-19)	1)CARE BB; Stable / CARE A4+ (19-Dec-17)
2.	Non-fund-based-Short Term	ST	81.80	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (07-Mar-19)	1)CARE A4+ (19-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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Shantamani Enterprise
May 22, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings[22]	Rating Action
Long term Bank Facilities	8.00	**CARE B+; Stable; ISSUER NOT COOPERATING* [Single B Plus; Outlook: Stable; ISSUER NOT COOPERATING*]**	Issuer not cooperating; Revised from CARE BB-; Stable ISSUER NOT COOPERATING* [Double B Minus; Outlook; Stable; ISSUER NOT COOPERATING*] based on best available information
Short term Bank Facilities	63.40	**CARE A4; ISSUER NOT COOPERATING* [A Four; ISSUER NOT COOPERATING*]**	Issuer not cooperating; Based on best available information
Total Facilities	**71.40 (Rupee Seventy One Crore and Forty Lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE, vide press release dated March 7, 2019, had placed the rating of Shantamani Enterprise (SHM) under the 'Issuer Non cooperating' category as the company had failed to provide information for monitoring of the ratings and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. SHM continues to be non-cooperative despite requests for submission of information through e-mails, phone calls and a letter/e-mail dated May 7, 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.
The ratings have been revised by taking into account non-availability of requisite information and non-cooperation by Shantamani Enterprise with CARE's efforts to undertake a review of the rating outstanding.

Detailed description of the key rating drivers
At the time of last rating on May 7, 2019, the following were the rating strengths and weaknesses:

Key Rating Weaknesses
Risk from adverse movement in scrap prices/foreign exchange rates: Shantamani Group (SHG) uses Letter of Credit (LC) facility to purchase old ships. Since the transactions are denominated in United States Dollars (USD), the firm is exposed to forex risk during the LC's usance period, as the firm's revenue is denominated in Indian Rupee (INR), providing no natural hedge for the purchase of ships. Moreover, steel being a cyclical industry, SHG continues to remain exposed to the volatility in steel scrap prices on its uncut ship inventory as well as unsold inventory of steel scrap held by the group.

Exposure to regulatory and environmental hazard risk: The ship-breaking industry in the Alang-Sosiya belt of Gujarat is highly regulated with strict working and safety standards to be maintained by the ship-breakers for their labourers and environmental compliance. Furthermore, the industry is prone to risks related to pollution as it involves dismantling of ships which contain various hazardous substances like lead, asbestos, acid, hazardous paints, etc. that have to be properly disposed-off as per the regulatory guidelines.

Key Rating Strengths
Long standing experience of management in the ship breaking industry: The management of SHG has been associated with ship breaking industry for more than two decades. Mr. Jayant Patel, who has vast experience of over 20 years in the ship breaking industry, is a partner in Shantamani Enterprise (SHM) and A. G. Enterprise (AGE), the two entities of SHG.

[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*

Location of yard in Alang having unique geographical features suitable for ship-breaking operations: SHG's ship breaking yards are located at Alang-Sosiya belt, which has unique geographical features including a high tidal range, wide continental shelf, 15 degree slope, and a mud free coast, which are ideal for beaching ship of any size easily during high tide.

Analytical approach: Combined view of Shantamani Enterprise and A. G. Enterprise.

For the purpose of analysis, CARE had earlier considered a combined view for three entities of the group, viz., Shantamani Enterprises, A. G. Enterprise (AGE) and J. K. Industries (JKI) [referred as Shantamani Group (SHG)] due to their operational, financial and managerial linkages. All the three entities have a common management, as Mr. Jayant Patel, the partner of AGE & SHM manages the affairs of all the three entities (as partner in AGE & SHM and as business manager in JKI). However, in end FY18, JKI closed down its ship breaking business and surrendered its bank facilities. Hence, for analytical purposes, a combined view of SHM and AGE has been taken into consideration now, referred to as Shantamani Group (SHG).

Applicable Criteria:

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

About the Firm

Shantamani Enterprise (SHM) is a partnership established by Mr. Ramesh B. Virani and Mr. Jayant N. Patel in 1998 and is engaged in ship breaking business. During FY17, Mr. Ramesh B. Virani ceased to be the partner in the firm and Mrs. Deviyani J. Vanani was admitted as a partner in the firm. The operations of SHM are carried out at a plot leased out by Gujarat Maritime Board (GMB) in the Alang ship-breaking yard located at the Alang-Sosiya belt of Bhavnagar region in Gujarat, which generally gets renewed every year.

The operations of the firm are managed by Mr. Jayant Patel, who in addition to SHM also manages another group entity engaged in similar business in Alang, viz. A. G. Enterprise.

Brief Financials of SHG (Combined) are tabulated below:

Brief Financials (Rs. Crore)	FY16 (A)	FY17 (A)
Total operating income	16.21	55.26
PBILDT	3.62	4.48
PAT	1.89	2.17
Overall gearing (times)*	1.51	0.57
Interest coverage (times)	4.06	4.27

A: Audited; *Considering Net Debt

Brief Financials of SHM (Standalone) are tabulated below:

Brief Financials (Rs. Crore)	FY16 (A)	FY17 (A)
Total operating income	8.81	23.65
PBILDT	2.49	2.99
PAT	1.28	1.53
Overall gearing (times)	2.17	1.51
Interest coverage (times)	5.55	5.76

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/Non-fund-based-LT/ST	-	-	-	8.00	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-Short Term	-	-	-	63.40	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/Non-fund-based-LT/ST	LT/ST	8.00	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* (07-Mar-19)	1)CARE BB; Stable / CARE A4+ (19-Dec-17)
2.	Non-fund-based-Short Term	ST	63.40	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (07-Mar-19)	1)CARE A4+ (19-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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Diamond Polymers
May 22, 2020

Rating

Facilities/Instruments	Amount (Rs. crore)	Ratings[23]	Rating Action
Long Term Bank Facilities	5.12	**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	**5.12 (Rupees Five crore and Twelve lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE had, vide its press release dated March 26, 2019, placed the rating of Diamond Polymers (DPS) under the 'issuer non-cooperating' category as DPSL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. DPS continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 21, 2020, April 23, 2020, April 27, 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.
The rating has been revised on account of non-availability of requisite information. The rating takes into account its small scale of operations coupled with thin profit margins, leveraged capital structure and moderate debt coverage indicators along with stretched liquidity. The rating further remained constrained on account of partnership nature of constitution, raw material price fluctuation risk and intense competition in the industry due to low entry barriers. The ratings, however, derived comfort from experienced partners.

Detailed description of the key rating drivers
At the time of last rating on March 26, 2019 the following were the rating strengths and weaknesses
Key Rating Weaknesses
Small scale of operations coupled with thin profit margins
The scale of operations remained small. During FY17 the Total Operating Income (TOI) of the firm grew by 120.52% y-o-y but remained small at Rs.13.56 crore as against Rs.6.14 crore during FY16.Further, the profit margins remained thin marked by the PBILDT margin has dipped by 91bps and stood at 3.71% during FY17 as compared to 4.62% during FY16. However, the PAT margin has increased by 27 bps and stood at 0.76% during FY17 as compared to 0.49% during FY16.

Leveraged capital structure and moderate debt coverage indicators
The capital structure stood leverage. As on March 31, 2017, an overall gearing ratio stood at 2.36x as against 2.97x as on March 31, 2016 due to lower tangible net worth base of the firm as compared to total debt. Further, the debt coverage indicators also stood at moderate in FY17, marked by an interest coverage ratio has deteriorated and stood moderate at 1.93x as against 3.54x during FY16 due to increase in interest & finance charges. Also, total debt to GCA has also deteriorated and stood at 12.97x as on March 31, 2017 as against 9.40x as on March 31, 2016 due to decrease in the total debt.

Partnership nature of constitution
Being a partnership firm DPS is exposed to inherent risk of the partners' capital being withdrawn at the time of contingency and also limits the ability to raise the capital.

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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*

Raw material price fluctuation risk
The main raw material of the company is plastic granules. Raw material costs have always been a major contributor to total operating cost. The prices of raw materials such as plastic (a derivative of crude oil), required for packaging has increased due to rise in price of crude oil previous year. With the cost of raw materials accounting for significant portion of the total production cost, an upward movement in the raw material prices adversely affects the profitability of the firm.

Intense competition in the industry due to low entry barriers
DPS operates in a highly fragmented industry marked by the presence of a large number of players in the organized as well as unorganized sector. This further leads to high competition among the various players and low bargaining power with suppliers. Since the firm's client base consists of domestic traders, DPS's pricing power is restricted with limited ability to pass on any increase in input cost due to intense competition

Key Rating Strengths
Experienced directors and established track record of the company
Partners of the firm have more than two decade of average experience in same line of business. Due to vast experience in industry, both the partners have built good relationship with customers as well as suppliers.

Liquidity: Stretched
The liquidity position stood stretched. Unencumbered cash and bank balance with the firm remained low at Rs.0.10 crore as on March 31, 2017 while cash flow from operating activities remained at negative 1.21 crore during FY17. Average utilization of its working capital facilities remained 85% during past 8 months period ended February 2018. As on March 31, 2017 the current ratio of the firm improved over the previous year and stood moderate at 1.50x as against 1.16x as on March 31, 2016 due to increase in the current assets as on balance sheet date. During FY17, working capital cycle of DPS stood moderate at 51 days during FY17.

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 to Credit Ratings
Rating Methodology-Manufacturing Companies
Financial ratios – Non-Financial Sector

About the firm
Daman based Diamond Polymers (DPS) was established in 2015 as a partnership firm with a vision to cater to the growing demand for flexible packaging material. Firm is engaged in the manufacturing of high quality plastic packaging and rolls. The plant is situated at Industrial area in Daman. The packaging material manufactured by the firm finds application in industrial as well consumer needs.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	6.14	13.56
PBILDT	0.28	0.50
PAT	0.03	0.10
Overall gearing (times)	2.97	2.36
Interest coverage (times)	3.54	1.93

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	5.00	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-Term Loan	-	-	-	0.12	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-Cash Credit	LT	5.00	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* (26-Mar-19) 2)CARE B+; Stable (12-Apr-18)	-
2.	Fund-based - LT-Term Loan	LT	0.12	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* (26-Mar-19) 2)CARE B+; Stable (12-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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Disclaimer
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A & T Infracon Private Limited
May 22, 2020

Ratings

Facilities/Instruments	**Amount (Rs. crore)**	**Ratings**[1]	**Rating Action**
Long term Bank Facilities	4.00	**CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Revised from CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook: Stable; ISSUER NOT COOPERATING*) Based on best available information
Short term Bank Facilities	10.00	**CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Total Facilities	**14.00 (Rupees Fourteen Crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE had, vide its press release dated March 07, 2019, placed the rating of A & T Infracon Private Limited (AIPL) under the 'issuer non-cooperating' category as AIPL 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. AIPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 21, 2020, April 23, 2020, April 27, 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.
The ratings have been revised on account of non-availability of requisite information. The ratings take into account its moderate scale of operations, profitability margins, debt coverage indicators along with stretched liquidity position in FY19 (refers to the period April 1 to March 31). The ratings further constrained on account of its presence in the competitive construction industry coupled with susceptibility of profit margins to volatility in raw material price. The ratings continue to derive strength from the experience of the promoters, well-established operations and reputed client base along with moderately capital structure.

Detailed description of the key rating drivers
At the time of last rating on March 07, 2019 the following were the rating strengths and weaknesses (updated for the Information available from the client)

Detailed description of the key rating drivers
Key Rating Weaknesses
Moderate scale of operations coupled with moderate profitability margins in FY19
During FY19, the TOI has decreased by 11.43% and stood at Rs.66.38 crore as compared to Rs.74.94 crore during FY18. The PBILDT margin remained stable during FY19 at 6.53% as compared to 7.07% during FY18. Consequently, the PAT margin has also remained stable at 1.14% during FY19 as compared to 0.81% during FY18.

Moderate debt coverage indicators
The debt coverage indicators remained moderate marked by total debt to GCA which stood at 2.82x as on March 31, 2019 as against 1.46x as on March 31, 2018. Further, an interest coverage ratio of the company continued to stand at 3.15x during FY19 as against 3.93x during FY18.

[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 the competitive construction industry coupled with susceptibility of profit margins to volatility in raw material price
A&T operates in highly fragmented and competitive road construction industry having presence of large number of medium sized players. Also, the presence of big sized players with established track record and network results into intense competition in the industry. Further prices of raw materials in construction industry are volatile in nature. Hence, any adverse movement in these prices can put pressure on the profit margins of the company. However, there is price escalation clause for bitumen is present in all contracts from government.

Key Rating Strengths
Established operations and reputed client base
The promoters have an experience of more than three decades in construction and infrastructure activities in Gujarat. A&T is also registered as 'AA' class contractor with Road & Building Department (R&B) of Government of Gujarat (GOG) and Public Works Department (PWD) of Government of Rajasthan (GOR) for execution of road projects indicating eligibility to bid for contracts of any amount. The company has primarily executed the projects received from R&B, GOG and Central Public Works Department (CPWD).

Moderately comfortable capital structure
The solvency position has deteriorated marked by overall gearing ratio stood of 1.37x as on March 31, 2019 as against 0.94x as on March 31, 2018.

Liquidity: Stretched
Liquidity position of the company continued to remain stretched as marked by below unity current ratio same as previous year. Cash flow from operating activities remained at negative Rs.4.68 crore during FY19 while unencumbered cash and bank balance remained at Rs.0.26 crore as on March 31, 2019. The operating cycle shortened to negative 73 days during FY19 as compared to negative 43 days in FY18 owing to decrease in collection period against increase in creditors period.

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 to Credit Ratings
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments

About the company
Initially formed as a partnership firm named M/s Chohtan Construction Company (CCC) in 1981, A&T Infracon Private Limited (A&T) changed its constitution to a private limited company w.e.f. May 25, 2011. A&T is involved in the construction and infrastructure related activities (mainly road works, earthen embankment and other allied construction activities). A&T was promoted by Mr Ashok Doshi and Mr Tej Ram Chowdhary who have almost three decades of experience in the construction industry. Post retirement of Mr Tej Chowdhary in October 2013, the company is managed by Mr Ashok Doshi and his wife Mrs Anita Doshi. The directors are also partners in M/s Rajwada Crush Metal, a partnership firm, engaged in crushing of stones and metals.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	75.06	66.38
PBILDT	5.42	4.33
PAT	0.61	0.76
Overall gearing (times)	0.94	1.37
Interest coverage (times)	3.93	3.15

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	4.00	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	10.00	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	4.00	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* (07-Mar-19)	1)CARE BB; Stable (06-Feb-18) 2)CARE BB; ISSUER NOT COOPERATING* (19-Apr-17)
2.	Non-fund-based - ST-Bank Guarantees	ST	10.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (07-Mar-19)	1)CARE A4 (06-Feb-18) 2)CARE A4; ISSUER NOT COOPERATING* (19-Apr-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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Revashankar Gems Limited
May 22, 2020

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[25]**	**Rating Action**
Long term Bank Facilities	**40.00**	**CARE B; Stable ISSUER NOT COOPERATING* (Single B; Outlook: Stable; Issuer Not Cooperating)**	**Issuer Not Cooperating; Revised from CARE BB; Stable; Issuer Not Cooperating (Double B; Outlook-Stable; Issuer Not Cooperating) On the basis of best available information**
Total	**40.00 (Rs. Forty Crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE had, vide its press release dated April 3, 2019, placed the rating(s) of Revashankar Gems Limited (RGL) under the 'issuer non-cooperating' category as RGL 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. RGL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 20, 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 on account of non-cooperation by RGL and CARE's efforts to undertake a review of the ratings outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

Detailed description of the key rating drivers
At the time of last rating on March 31, 2019 the following were the rating strengths and weaknesses:

Key Rating Weaknesses
Modest scale operations and low profitability margins: The total operating income (TOI) has continuously declined during FY16-FY18. Further, TOI has declined by 19.37% to Rs.78.44 crore in FY18 (vis-à-vis Rs.97.04 crore in FY17). The PBILDT margin has improved by 147 bps to 7.92% in FY18 (vis-à-vis 6.45% in FY17). Nevertheless the same continues to remain moderate. However, due to high interest and depreciation cost, the PAT margin has declined by 64 bps to 0.56% in FY18 (vis-à-vis 1.20% in FY17).

Working capital intensive nature of operations: RGL's working capital cycle deteriorated to 324 days (vis-à-vis 264 days in FY17) owing to funds being blocked in debtors and inventory. The collection period has stretched to 259 days in FY18 from 214 days in FY17. While the inventory holding period also elongated to 151 days in FY18 from 137 days in FY17.

Moderate capital structure and moderately weak debt coverage indicators: During FY18, RGL's capital structure has remained in line with FY17. The overall gearing stood moderate at 1.20 times as on March 31, 2018 and March 31, 2017 due to higher utilization of working capital limits to fund the operations. With moderate gearing level, RGL's debt coverage indicators further deteriorated and remained weak owing to low and decreased profitability in FY18 over FY17.

Customer and geographical concentration risk: RGL continues to earn major portion of revenue from top 5 customers in FY18. Any adverse changes in the macroeconomic scenario in the exports markets could have a significant bearing on the demand for its products & liquidity of RGL. RGL continues to earn significant portion (around 75%) of revenue from exports, indicating geographical concentration risk.

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

Foreign exchange fluctuation risk, partially mitigated by natural hedge: RGL derives majority of the revenue from exports (75% during FY18), thereby exposing it to any adverse movement in forex. Nevertheless, risk is mitigated to an extent due to natural hedge created on account of 100% import of rough diamonds. However, given the difference in the timings of import and export, the ability of the company to maintain its profitability margins amidst fluctuation in forex shall be critical from the credit perspective.

Presence in competitive and fragmented industry: Further owing to presence of large numbers of players operating in the industry and low degree of product differentiation, the industry remained highly competitive and fragmented in nature limiting bargaining power of players of like RGL.

Key Rating Strengths

Long track record of operation and experienced promoters in the diamond industry: The promoters have been in the business of diamond trading since five decades and have established strong relations with the customers. The key directors Mr Praveen Pandya, Mr Siddharth Pandya and Mr Anandshankar Pandya have an extensive experience in the diamonds industry. The promoters are supported by experienced management team to carry out day-to-day activities.

Group support: The group company Shankar Packaging Limited (SPL) is engaged in the manufacturing of FIBC (Flexible Intermediate Bulk Container Bag), multi filament yarn and technical textile. The company is primarily focused on exports with 90% of the total revenue derived from Europe, USA & Africa. Furthermore, SPL with its long track of operation in the packaging industry has developed established relationship with customers.

Apart from the above, the company has other group companies, namely, Shangold India Limited, Shankar Jewels Limited, Naqsh Collection and S.J International which are engaged in the business of manufacturing and export of diamond-studded gold jewellery.

Analytical approach – Standalone

Applicable Criterion

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

About the company

Incorporated in 1995, Revashankar Gems Limited (RGL) erstwhile operated as partnership since 1961. RGL is engaged in the business of processing and exporting of cut and polished diamonds of size of 0.01 to 0.10 carats. RGL has its processing plant located at Surat (Gujarat). RGL imports rough diamonds from Belgium and Israel

Brief Financials of RGL (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	97.04	78.44
PBILDT	6.25	6.21
PAT	1.17	0.44
Overall gearing (times)	1.20	1.20
Interest coverage (times)	1.26	1.24

A: Audited

Status of non-cooperation with previous CRA:

ICRA BB suspended in September 2016 and CRISIL BB+ / Stable suspended in February 2013

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	-	-	-	40.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable; ISSUER NOT COOPERATING* on the basis of best available information

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	40.00	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* (03-Apr-19)	-	1)CARE BB+; Stable (15-Feb-18) 2)CARE BB+; ISSUER NOT COOPERATING* (26-Apr-17)

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Jagath Milk Dairy
May 22, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long term Bank Facilities	9.87	CARE C; Stable ISSUER NOT COOPERATING* (Single C; 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 Bank Facilities	9.87 (Rupees Nine Crore and Eighty Seven Lakhs only)		

*Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated April 01, 2019, placed the rating(s) of Jagath Milk Dairy (JMD) under the 'issuer non-cooperating' category as JMD had failed to provide information for monitoring of the rating. JMD continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an e-mail communications/letters dated from October 2019 to May 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.

The revision in the rating takes into account the non-availability of requisite information due to non-cooperation by Jagath Milk Dairy with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile.

Detailed description of the key rating drivers

At the time of last rating on April 01, 2019 the following were the rating strengths and weaknesses:

Key Rating Weakness

Small Scale of Operations

Jagath Milk Dairy was established in the year 2013, the scale of operations of the firm was small marked by total operating income of 41.28 crore during FY17 and net worth of Rs. 3.73 crore as on March 31st 2017.

Improved Capital Structure and weak debt coverage indicators albeit remained weak

The capital structure of the firm marked by debt equity ratio of the firm has improved from 1.03x as on march 31, 2016 to 0.93x as on March 31, 2017 due to decrease in long term borrowing at the back of repayment of loan(vehicle loan). Furthermore, overall gearing ratio improved from 4.02x as on March 31, 2016 to 3.59x as on March 31, 2017 due to low utilization of working capital bank borrowings however remained leveraged

The debt coverage indicators of the company have been weak during the review period. The total debt/GCA improved from 19.38x in FY16 to 18.10x in FY17 due to decrease in debt level at the back of lower utilization of working capital bank borrowings as on account closing date, still remained weak. The PBILDT interest coverage marginally deteriorated from 1.44x in FY16 to 1.40x in FY17 due to increase in interest and finance cost

Moderate operating cycle

The operating cycle of the firm increase from 66 days in FY16 to 72 days in FY17 still remained moderate level. However, the firm allows the credit period of 30-35 days to its customers. In order to retain the existing customers the firm stretches the credit period upto 65-70 days. The firm makes the payment to the farmers within 5-10 days. Being perishable nature of the product the inventory holding of the firm stood comfortable at 4-5 days during review period. Average utilization of OD for the last 12 months ended March 28, 2018 was 90%.

Constitution of the entity as a partnership firm with inherent risk of withdrawal of capital
The firm being a partnership firm is exposed to inherent risk of capital withdrawal by the partners, due to its nature of constitution. Further, any substantial withdrawals from capital account would impact the networth and thereby the financial profile of the firm. The partners has withdrawn capital of Rs. 0.06 crore in FY17

Highly fragmented industry with intense competition from large number of players
JMD faces stiff competition in the dairy segment from established brands in the organized market and independent milk vendors in the unorganized market. On the liquid milk front, competition gets strong with the presence of unorganized players and independent milk vendors leading to pricing pressures. However, improved demand scenario of milk and milk products in the country enables well for the firm.

Sensitivity to changes in government policies and environmental conditions
The dairy industry has low profitability margins as raw material costs (milk) form significant portion of the total costs. Milk supply and its prices are exposed to several external risks like government policies, cattle diseases, yield etc. Any fluctuation in prices of milk will have a direct impact on the profitability margins of the firm.

Key Rating Strengths
Experience of the partners for more than one decade in dairy industry
JMD was established in the year 2013 and promoted by Mr. Bhuma Nagi Reddy and Ms. Bhuma Akkhila Priya. Both the partners have more than one decade of experience in the dairy industry. Further, the operations of the firm are well supported by the satisfactory management team who are qualified graduates with more than decade of experience in marketing and operations department.

Plant located in dairy farming zone
The plant location of the firm is in dairy farming zone i.e., Near B.B.R Indoore Stadium, Allagadda, Kandukur Road, Kurnool, Andhra Pradesh. The firm procures milk from dairy farmers located in the districts of Kurnool of Andhra Pradesh, which enables the firm to procure and process milk immediately after collecting. This results in better quality product as well as lowers the transportation costs.

Growth in total operating income and satisfactory profitability margin
The total operating income increased from Rs. 38.43 crore in FY16 to Rs. 41.28 crore in FY17 due to increase in repeat orders from existing customers and addition of new customers. Further, during 11MFY18, the company achieved sales of Rs.39.40 crore
The PBILDT margin, remained thin and decreased from 6.94% in FY16 to 6.60% in FY17 due to under absorption of overheads like increase in power & fuel expenses and consumable stores during FY17. The PAT margin increased from 0.15% in FY16 to 0.19% in FY17 due to decrease in depreciation provision

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
Financial ratios –Non-Financial Sector
Rating Methodology -Manufacturing Companies

About the Firm
Jagath Milk Dairy (JMD) was established in the year 2013. Currently, the partners of the firm are Mr. Bhuma Jagath Vikhyath Reddy and Ms. Bhuma Akkhila Priya (D/o. Mr Bhuma Nagi Reddy). The firm is engaged in processing and trading of the milk and milk products like Milk, Curd, and Butter Milk. The firm purchases the milk from local traders and sells the products in Mahabunagar, Kadapa, Anantapur Kurnool District.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	38.43	41.28
PBILDT	2.67	2.72
PAT	0.06	0.08
Overall gearing (times)	4.02	3.59
Interest coverage (times)	1.44	1.40

A: Audited

Status of non-cooperation with previous CRA: Not Applicable
Any other information: Not Applicable
Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	April 2019	0.26	CARE C; 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	-	-	-	9.00	CARE C; 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-Term Loan	-	-	April 2019	0.61	CARE C; 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 based 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	0.26	CARE C; 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* (01-Apr-19)	1)CARE B+; Stable (04-Apr-18)	1)CARE B+; Stable (14-Apr-17)
2.	Fund-based - LT-Bank Overdraft	LT	9.00	CARE C; 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* (01-Apr-19)	1)CARE B+; Stable (04-Apr-18)	1)CARE B+; Stable (14-Apr-17)
3.	Fund-based - LT-Term Loan	LT	0.61	CARE C; Stable; ISSUER NOT COOPERATING* Issuer not cooperating;	-	1)CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE B+; Stable (04-Apr-	1)CARE B+; Stable (14-Apr-

				Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information		(01-Apr-19)	18)	17)

*Issuer did not cooperate; based on based 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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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

M.P.K. Ispat India Private Limited
May 22, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings[26]	Rating Action
Long-term Bank Facilities	19.30	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	**"Issuer not cooperating; Based on best available information"**
Short-term Bank Facilities	7.40	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	**"Issuer not cooperating; Based on best available information"**
Total	**26.70 (Rupees Twenty Six Crore and Seventy Lakh Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE had, vide its press release dated March 22, 2019, placed the rating(s) of M.P.K. Ispat India Private Limited (MPKI) under the 'issuer non-cooperating' category as MPKI had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. MPKI continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 01, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating based on 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 PR on March 22, 2019 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies):

Key Rating Weaknesses
Irregularity in debt servicing
The account of the company was NPA owing to stretched liquidity position.

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- Manufacturing Companies
Financial ratios – Non-Financial Sector

About the Company
Incorporated in 2010, MPKI is promoted by the MPK group based out of Jaipur (Rajasthan). As a backward integration initiative, MPK group set up Mild Steel (MS) billet manufacturing plant in MPKL with commencement of operations from March, 2013 onwards thus by translating to FY14 being the first full year of operation for the company. MPKI has its manufacturing unit situated at Bagru, Rajasthan, having installed capacity of 27,000 Metric Tonnes Per Annum (MTPA) as on March 31, 2016.

[2]*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*

The company majorly supplies its production of M.S. Billets to its group concerns which are engaged in the manufacturing of structural steel products as well as cater to the domestic market. It meets its raw material requirement mainly by purchase from local market as well as import from outside market.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	24.79	50.27
PBILDT	-11.43	-16.75
PAT	-16.70	-14.96
Overall gearing (times)	-2.07	-1.32
Interest coverage (times)	-13.16	-396.45

A: Audited

Status of non-cooperation with previous CRA:
CRISIL has placed its ratings under non-cooperation due to non-submission of requisite information by the firm vide its press release dated January 27, 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-Term Loan	-	-	September – 2019	8.30	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	11.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	-	-	-	5.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Standby Line of Credit	-	-	-	2.40	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.	Fund-based - LT-Term Loan	LT	8.30	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (20-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (08-Jan-18) 2)CARE D (12-Jul-17)
2.	Fund-based - LT-Cash Credit	LT	11.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (20-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (08-Jan-18) 2)CARE D (12-Jul-17)
3.	Non-fund-based - ST-Letter of credit	ST	5.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (20-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (08-Jan-18) 2)CARE D (12-Jul-17)
4.	Fund-based - ST-Standby Line of Credit	ST	2.40	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (20-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (08-Jan-18) 2)CARE D (12-Jul-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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M.P.K. Steels India Private Limited
May 22, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[2]	Rating Action
Long-term Bank Facilities	15.67	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	**"Issuer not cooperating; Based on best available information"**
Short-term Bank Facilities	7.25	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	**"Issuer not cooperating; Based on best available information"**
Total	**22.92 (Rupees Twenty Two Crore and Ninty Two Lakh Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 19, 2019, placed the rating(s) of M.P.K. Steels India Private Limited (MPKS) under the 'issuer non-cooperating' category as MPKS had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. MPKS continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 01, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating based on 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 PR on March 19, 2019 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies):

Key Rating Weaknesses

Ongoing delays in debt servicing

The account of the company was NPA owing to stretched liquidity position.

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- Manufacturing Companies
Financial ratios – Non-Financial Sector

About the Company

Incorporated in 2005, M.P.K Steels India Private Limited (MPKS) is promoted by the MPK group based out of Jaipur (Rajasthan). MPKS is primarily engaged into the business of manufacturing of structural products including Mild Steel (M S) angles, channels, rounds and flats which finds its application particularly in infrastructure industries ranging from power transmission to real estate.

[2]*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*

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	29.56	46.43
PBILDT	-14.45	0.11
PAT	-17.22	4.57
Overall gearing (times)	-3.85	1.79
Interest coverage (times)	-6.27	0.12

A: Audited

Status of non-cooperation with previous CRA:
CRISIL has placed its ratings under non-cooperation due to non-submission of requisite information by the firm vide its press release dated January 27, 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-Cash Credit	-	-	-	15.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	-	-	-	5.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	March – 2020	0.67	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Standby Line of Credit	-	-	-	2.25	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.	Fund-based - LT-Cash Credit	LT	15.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (19-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (10-Jan-18) 2)CARE D (12-Jul-17)
2.	Non-fund-based - ST-Letter of credit	ST	5.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (19-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (10-Jan-18) 2)CARE D (12-Jul-17)
3.	Fund-based - LT-Term Loan	LT	0.67	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (19-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (10-Jan-18) 2)CARE D (12-Jul-17)
4.	Fund-based - ST-Standby Line of Credit	ST	2.25	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (19-Mar-19)	1)CARE D; ISSUER NOT COOPERATING* (10-Jan-18) 2)CARE D (12-Jul-17)

*Issuer did not cooperate; Based on best available information

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