

Champion Group of Company

March 01, 2022

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	17.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE BB-; Stable (Double B Minus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Total Bank Facilities	17.00 (Rs. Seventeen Core Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. has been seeking information from Champion Group of Company to monitor the rating(s) vide e-mail communications/letters dated September 10, 2021, February 11, 2022 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, Champion Group of Company has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Champion Group of Company's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING***.

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

The rating has been revised on account of non-availability of the information from the public domain, uncertainty regarding the impact of COVID 19 on the operation of the firm and non-cooperation from the firm.

The rating takes into account the proprietorship nature of constitution, susceptibility to price volatility in traded goods and regulatory changes and high competition amidst fragmented nature of industry. The rating factors in the experienced proprietor with long operational track record of the firm.

Detailed description of the key rating drivers

At the time of last rating on January 28, 2021 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Small scale of operations with low profitability margins: The scale of operation of the firm remained relatively small marked by total operating income of Rs.80.86 crore in FY20 vis-à-vis Rs.95.71crore in FY19. It has booked a turnover of Rs.31.35 crore during 9MFY21. The small size restricts the financial flexibility of the firm in times of stress and deprives it from benefits of economies of scale. The profitability margins of the firm remained low marked by PBILDT margin of 5.16% and PAT margin of 2.40% during FY20.

Proprietorship nature of constitution: CGC, being a proprietorship firm, is exposed to inherent risk of withdrawal of capital by the proprietor, restricted access to funding and risk of dissolution on account of poor succession planning. Furthermore, proprietorship firms have restricted access to external borrowing as credit worthiness of proprietor would be the key factors affecting credit decision for the lenders.

Susceptibility to price volatility in traded goods and regulatory changes: The firm participates in government tender for mining and lifting of sand and stone chip and accordingly it is exposed to change in government regulation with respect to mining activities from time to time. Further, the firm remained exposed to availability and price volatility in agro commodities trading segment.

Leveraged capital structure with moderate debt coverage indicators: The overall gearing ratio has deteriorated and remained leveraged at 2.68x as on March 31, 2020. The debt coverage indicators remained moderate marked by interest coverage of 2.15x and total debt to GCA of 16.41x in FY20.

High competition amidst fragmented nature of industry: Trading industry is a very fragmented and competitive space with presence of huge small players operating in the same region due to low capital requirement. In such a competitive scenario smaller entities like CGC in general are more vulnerable on account of its limited pricing flexibility.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key Rating Strengths

Experienced proprietor with long track record of operation: The proprietor Mr. Amit Kumar Singh has more than a decade of experience in mining and trading activities and he looks after the overall management of the firm. Furthermore, CGC is into same line of business since 2000 and accordingly has a long track record of operations.

Analytical approach: Standalone

Applicable Criteria

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

[Criteria on assigning Outlook and Credit watch](#)

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

[Rating Methodology - Wholesale Trading](#)

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

About the Company

Champion Group of Company (CGC) was established as a proprietorship firm in the year 2000 by Mr. Amit Kumar Singh. Since its inception, the firm has been engaged in mining, lifting and trading of sand and stone chip. Later on the firm has also started trading of agro commodities like rice, paddy, jute bags, and other products depending on their economic viability. The firm participates in government tenders for procurement of sand and stone chip.

Brief Financials (Rs. crore)	31-03-2019 (A)	31-03-2020 (A)	31-03-2021 (A)	9MFY22
Total operating income	95.71	80.86	NA	NA
PBILDT	4.95	4.17	NA	NA
PAT	2.40	1.94	NA	NA
Overall gearing (times)	2.32	2.68	NA	NA
Interest coverage (times)	2.42	2.15	NA	NA

A: Audited, NA – Not Available

Status of non-cooperation with previous CRA: Non cooperation from CRISIL Ratings vide its press release dated May 19, 2021.

Any other information: Not applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	17.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Cash Credit	LT	17.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (28-Jan-21)	1)CARE BB-; Stable (01-Nov-19) 2)CARE BB-; Stable (15-Oct-19)	-

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple

Annexure 4: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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