

## Dhruv Wellness Limited

January 07, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	15.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>15.00 (Rs. Fifteen Crore Only)</b>		

Details of facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated December 30, 2020, placed the rating(s) of Dhruv Wellness Limited (DWL) under the 'issuer non-cooperating' category as DWL had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. DWL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls. 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 reaffirmation in rating factors in default in the debt servicing and accounts of the company have been classified as nonperforming assets (NPA).

### Detailed description of the key rating drivers

At the time of last rating on December 30, 2020 the following were the rating strengths and weaknesses (updated for the information available from Bombay Stock Exchange and CIBIL):

### Key Rating Weaknesses

#### Default in debt servicing:

As per the annual reports for received for FY21, the company has defaulted on payments of interest and installments of banks and financial institutions and all the loan accounts are classified as Non-Performing Loans by respective lenders before year ended March 31, 2021. Further, as per the CIBIL records for the quarter ended September 30, 2021, the company and director names were appeared as willful defaulter against the bank facilities rated by CARE.

Further as per the extraction from watchoutinvestors.com on January 03, 2022 the regulatory agency has imposed penalty/find on the company.

#### Weak financial risk profile:

The scale of operation of the company remained moderate, however reflected fluctuating trend during past four years. Further, the TOI has significantly decreased with no revenue generated in FY21 (vis-à-vis Rs.42.36 crore in FY20). Further, the company has incurred operating and net loss of Rs.5.15 crore and Rs.5.15 crore respectively during FY21 which resulted to distressed debt coverage indicators during FY21. On account of the said losses, the tangible networth of the company has eroded to negative as on March 31, 2021

#### Stretched working capital cycle:

The operations of KEPL are working capital intensive in nature on account of funds being blocked in receivables and payables. The operating cycle of the company has significantly elongated to 156 days in FY20 from 93 days in FY19 due to stretched collection period from 69 days in FY19 to 129 days in FY20. The inventory period has also elongated to 56 days in FY20 from 48 days in FY19.

#### Analytical approach: Standalone

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)  
[Criteria on assigning Outlook and Credit Watch](#)  
[Policy on default recognition](#)  
[Financial Ratios – Non financial Sector](#)  
[Liquidity Analysis of Non-financial sector entities](#)  
[Criteria on Wholesale Trading](#)

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### About the Company

Established in 2005 by Mr. Pravin Kumar Prajapati as a proprietorship entity, Dhruv Agency (DA), with Mrs. Anita Prajapati as the proprietor) was later converted into a private limited company and renamed as Dhruv Wellness Private Limited (DWPL) in March 2015, thereafter which it was converted into a public limited company and renamed as Dhruv Wellness Limited (DWL) in July 2017. DWL is engaged in trading & distributorship of various pharmaceutical & cosmetic products which are sold to various retailers and wholesalers mainly in the Western suburbs of Mumbai and outskirts also. Some of the said products are procured by the company directly from the principal manufacturers of the same for whom the company acts as a distributor, whereas the rest of the products are procured from other wholesalers of the same. Moreover, the company also undertakes manufacturing of ayurvedic medicines under its own brand "Dhruv", however such manufacturing is completely outsourced to Savita Health Care Private Limited.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	H1FY22
Total operating income	42.36	0.00	NA
PBILDT	-22.81	-5.15	NA
PAT	-24.67	-5.15	NA
Overall gearing (times)	-2.13	-1.37	NA
Interest coverage (times)	-12.32	0.00	NA

A: Audited; NA: Not Available

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

**Any other information:** Not applicable

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

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

**Complexity level of various instruments rated for this company:** Annexure 4

### Annexure-1: Details of 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		-	-	-	15.00	CARE D; ISSUER NOT COOPERATING*

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

Sr. No.	Name of the Instrument/Bank Facilities	Type	Current Ratings		Rating history			
			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	15.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (30-Dec-20) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (22-Jun-20)	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (28-Mar-19)

\* Long Term / Short Term

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

### Annexure 4: Complexity level of various instruments rated for this company

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

**Annexure 5: 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](mailto:care@careedge.in) for any clarifications.

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**About CARE Ratings Limited:**

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