

## Gautam Exim Limited

April 12, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (Double B Minus ; Outlook: Stable / A Four ISSUER NOT COOPERATING*) and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*) and Withdrawn
<b>Total Bank Facilities</b>	<b>0.00 (Rs. Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE has reaffirmed and subsequently withdrawn outstanding ratings of 'CARE BB-; Stable /CARE A4' ; Issuer Not Cooperating assigned to the bank facilities of Gautam Limited (GEL) with immediate effect. The above action has been taken at the request of GEL and 'No objection Certificate' has been received from the bankers that have extended the facilities rated by CARE. The rating assigned to the bank facilities of GEL continue to remain constrained on account of its thin profitability, leveraged capital structure and weak debt coverage indicators. The ratings further continue to remain constrained by its presence in highly fragmented and competitive paper trading industry. The ratings continue to derive strength from experienced promoters, moderate scale of operations and lean operating cycle

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

##### Thin Profitability margin

The company has thin Profit before interest, lease, depreciation and tax (PBILDT) margin owing to its trading nature of operation marked by PBILDT margin of 1.47% in FY21. PAT margin continues to remain thin at 0.26% in FY21. Also, as per provisional results for H1FY22, PBILDT margin deteriorates to 0.78%,

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

The capital structure of GEL moderated but continued to remain leveraged marked by overall gearing of 1.94 times as on March 31, 2021 (1.71 times as on March 31, 2020). Debt coverage indicators of the company continued to remain weak marked by high Total debt to gross cash accruals (TDGCA) of 31 years and moderate interest coverage ratio of 1.35 times.

##### Presence in highly competitive industry with low entry barriers

GEL operates in a competitive paper and paper product industry which has low profits due to highly fragmented industry with low entry barriers. Due to low entry barriers, the industry in the country is flooded with many unorganized players. This has led to high level of competition in the industry and players work on wafer-thin margins

#### Key Rating Strength

##### Experienced promoters

GEL is managed by Mr Balasubramanian Raman who has been associated with the company since its incorporation and has an experience of over two decades in the paper industry.

##### Moderate scale of operations

GEL had moderate scale of operation marked by TOI of Rs.250.47 crore in FY21 though declined from Rs.353.05 crore in FY20. However, During H1FY22, TOI increased by 53.71% to Rs. 226.31 crore (H1FY21: Rs. 104.76 crore) on a y-o-y basis

##### Lean operating cycle

GEL is engaged in the high sea sales of goods mainly waste paper and act as a distributor for Shah Paper Mills Ltd (SPML) and Shah Pulp and Paper Mills Ltd (SPPML) for finished paper wherein purchases are backed by confirmed orders leading to nil inventory levels. Its receivables days remained moderate at 70 days in FY21 whereas its payable days were 32 days in FY21 and thus lean operating cycle of 37 days in FY21 (FY20: 31 days). Trade receivables had increased from Rs.47.30 crore as on March 31, 2020 to Rs.48.40 crore as on March 31, 2021.

<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

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy in respect of non-cooperation](#)

[Policy on Withdrawal of ratings](#)

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

[Criteria for Short Term Instruments](#)

[CARE's default recognition policy](#)

[Financial ratios - Non Financial Sector](#)

[Rating Methodology - Wholesale Trading](#)

**About the Company**

Vapi-based (Gujarat), GEL (CIN :- L51100GJ2005PLC046562) was incorporated in August 2005, by Mr Balasubramanian Raman. In the year 2009, the company took over the paper trading business of Gautam Enterprise, the proprietorship concern of promoter Nagalaxmi Balasubramanian in 2009. GEL is engaged in the trading of waste paper, pulp, chemicals, metal scrap and finished paper. GEL got listed on BSE SME platform on July 11, 2017 and raised Rs. 3.32 crore of equity.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	H1FY22(UA)
Total operating income	353.05	250.47	226.31
PBILDT	3.57	3.67	1.77
PAT	0.67	0.66	0.45
Overall gearing (times)	1.71	1.94	1.79
Interest coverage (times)	1.35	1.35	1.62

A: Audited; UA: Unaudited

**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 instrument / 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 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/Non-fund-based-LT/ST	-	-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit	-	-	-	-	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 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based/Non-fund-based-LT/ST	LT/ST*	-	-	-	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (02-Feb-22)	1)CARE BB; Stable / CARE A4 (02-Mar-21)	1)CARE BB; Stable / CARE A4 (24-Jan-20)
2	Non-fund-based - ST-Credit Exposure Limit	ST	-	-	-	-	1)Withdrawn (02-Mar-21)	1)CARE A4 (24-Jan-20)
3	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (02-Feb-22)	1)CARE BB; Stable (02-Mar-21)	1)CARE BB; Stable (24-Jan-20)
4	Fund-based - ST-Bill Discounting/Bills Purchasing	ST	-	-	-	-	-	1)Withdrawn (24-Jan-20)

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / 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
2	Fund-based/Non-fund-based-LT/ST	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 for any clarifications.

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### About CARE Ratings Limited:

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