

## Shirpur Gold Refinery Limited

July 18, 2022

### Ratings

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	37.50	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	328.00	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>365.50</b> <b>(₹ Three Hundred Sixty-Five Crore and Fifty Lakhs Only)</b>		

Details of facilities in Annexure-1.

### Detailed rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated August 23, 2021, placed the ratings of Shirpur Gold Refinery Limited (SGRL) under the 'issuer non-cooperating' category as SGRL had failed to provide information for monitoring of the rating exercise and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. SGRL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated May 20, 2022, May 24, 2022, and June 06, 2022. 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.

**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 on August 23, 2021, the following were the rating strengths and weaknesses (updated for the information available from stock exchange):

### Key Rating Weaknesses

#### On-Going delay/defaults in debt servicing:

As per the Audit Report of FY22 there are Defaults. The audit reports mention that 3 Lender banks and a financial institution have outstanding dues classified as non-performing assets, amounting to Rs.380.96 Crore including amount of bank guarantees invoked, interest and penal interest of Rs.96.92 Crore as per the records of the Company, classified as Non-performing assets. The said dues are after adjustment of fixed deposits of Rs.14.60 Crore, including interest thereon, kept as margin against bank guarantees with Axis Bank Ltd., due to defaults in the repayment and non-compliance of the terms and conditions

#### Update on performance in FY22:

The financial performance of the company has deteriorated in FY22. The total operating income of the company increased by 20.5% to Rs.5269.52 crore as compared to Rs.4371.05 crore in FY21. The improvement was due to increased demand and prices of gold. SGRL incurred net loss of Rs.96.17 crore in FY22 (as compared to net loss of Rs.245.69 crore in FY21). Overall gearing of the company deteriorated further due to erosion of net-worth on account of huge loss incurred in FY22.

#### Analytical approach: Consolidated

CARE has considered the consolidated financials of SGRL for analytical purposes owing to financial and operational linkages between the company and its subsidiaries. The consolidated financials include the financials of two wholly owned subsidiaries namely Shirpur Gold Company Pvt. Ltd., Singapore and Zee Gold DMCC, Dubai.

### Applicable Criteria

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

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

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

[CARE's Policy on Curing period](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

<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

Shirpur Gold Refinery Limited (SGRL) is a part of Essel Group since December 2008, post takeover of assets from ARCIL auction. The company is engaged in gold refining with an installed capacity to refine 217 MT per annum of gold. Its refinery is located at Shirpur, Dhule district, Maharashtra. The company is also engaged in bullion trading, manufacturing and sale of gold coins, gold bars and gold jewelry both in the domestic and international markets. The company's products namely Gold Bars and Gold Jewelry are well established in the market and are sold under the brand name 'Zee Gold'. As on March 31, 2019, SGRL has one wholly owned subsidiary namely Zee Gold DMCC (ZGD), Dubai and two step down foreign subsidiaries namely Precious Metals Mining and Refining Limited (PMMRL), Papua New Guinea and Metalli Exploration and Mining, Mali. Shirpur Gold Company Private Limited (SGM), Singapore ceased to exist with effect from March 07, 2019 and loss (Rs.1.96 crore); being investment value in such subsidiary has been written off.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	Q1FY23
Total operating income	0.00	0.00	NA
PBILDT	-213.24	-52.45	NA
PAT	-258.60	-119.60	NA
Overall gearing (times)	-4.75	-1.76	NA
Interest coverage (times)	-5.39	-1.35	NA

A: Audited; NA-Not Available

**Status of non-cooperation with previous CRA:** CRISIL has migrated the ratings to issuer not co-operating category

**Any other information:** Not Applicable

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

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

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

## Annexure-1: Details of facilities

Name of the facilities	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	37.50	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	328.00	CARE D; ISSUER NOT COOPERATING*

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	37.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Aug-21)	1)CARE D; ISSUER NOT COOPERATING* (20-Aug-20)	1)CARE D (23-Aug-19)  2)CARE BB+; Stable (05-Jul-19)  3)CARE BBB+ (CWN) (02-Apr-19)
2	Non-fund-based - ST-BG/LC	ST	328.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (23-Aug-21)	1)CARE D; ISSUER NOT COOPERATING* (20-Aug-20)	1)CARE D (23-Aug-19)  2)CARE A4+ (05-Jul-19)  3)CARE A2 (CWN) (02-Apr-19)

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated facilities-** Not Applicable**Annexure-4: Complexity level of various facilities rated for this company**

Sr. No.	Name of Facilities	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	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 facilities:** CARE Ratings has classified facilities 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.

## Contact us

**Media contact**

Name: Mradul Mishra

Phone: +91-22-6754 3596

E-mail: [mradul.mishra@careedge.in](mailto:mradul.mishra@careedge.in)**Analyst contact**

Name: Manohar S Annappanavar

Phone: 8655770150

E-mail: [manohar.annappanavar@careedge.in](mailto:manohar.annappanavar@careedge.in)**Relationship contact**

Name: Saikat Roy

Phone: +91-98209 98779

E-mail: [saikat.roy@careedge.in](mailto:saikat.roy@careedge.in)**About us:**

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

**Disclaimer:**

The ratings issued by CARE 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. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information, please visit [www.careedge.in](http://www.careedge.in)**