

Habra Shree Laxmi Food Products Private Limited

January 19, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	13.00	CARE B; Stable; ISSUER NOT COOPERATING*	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	1.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE has been seeking monthly 'No Default Statement (NDS)' and information from Habra Shree Laxmi Food Products Private Limited (HSLF) to monitor the ratings vide e-mail communications dated Jan 03, 2023, Jan 10, 2023, and January 12, 2023, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the NDS and information for monitoring the ratings. 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. The rating on HSLF's bank facilities will now be denoted as '**CARE B / CARE A4; 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 ratings.

The ratings have been revised on account of project implementation risk, regulated nature of industry, seasonal nature of availability of raw material and exposure to vagaries of nature and an intensely competitive and regulated nature of industry. However, the rating derives strength from experienced promoters and close proximity to raw material sources.

Description of the key rating drivers

At the time of last rating on April 05, 2022, the following were the rating strengths and weaknesses (updated for the information received from the company).

Analytical approach: Standalone

Key weaknesses

Project implementation risk

The company is currently setting up its rice milling and processing plant at North 24 Parganas, West Bengal with an estimated project cost of Rs.12.23 crore which is estimated to be funded through term loan of Rs.6.30 crore and balance of Rs.5.93 crore through promoter's contributions. Moreover, Till March 04, 2022, the company has incurred the cost of Rs.4.67 crore (38% of total project cost) funded through disbursed term loan of Rs. 1.62 crore, equity capital of Rs. 0.93 crore and balance is from unsecured loans from promoters. Accordingly, the project implementation risk exists. Going forward, the ability of the company to complete the on-going project without any major cost and time overrun and thereafter its ability to derive benefit out of it as envisaged will remain crucial for the company. Earlier the company has envisaged to start the commercial operations from December 2021. But due to non-availability of labours during COVID pandemic outbreak it has got delayed and now the commercial operations of the plant is estimated to commence from September 2022.

Regulated nature of the industry

The Government of India (GoI), every year decides a minimum support price (MSP) to be paid to paddy growers which limits the bargaining power of rice millers over the farmers. The MSP of paddy was increased during the crop year 2021-22 to Rs.1940/quintal from Rs.1868/quintal in crop year 2020-21. Given the market determined prices for finished product vis-à-vis fixed acquisition cost for raw material, the profit margins are highly vulnerable to change in government policies.

Seasonal nature of availability of raw material and exposure to vagaries of nature

Paddy is mainly a 'kharif' crop and is cultivated from June-July to September-October and the peak arrival of crop at major trading centers begins in October. The cultivation of paddy is highly dependent on the monsoon. Unpredictable weather conditions could affect the output of paddy and result in volatility in price of paddy. In view of seasonal availability of paddy, working capital

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

requirements remain high at season time owing to the requirement for stocking of paddy in large quantity. Also, agro products cultivation is highly dependent on monsoons, thus exposing the fate of the company's operation to vagaries of nature.

Intensely competitive industry

Rice milling industry is highly fragmented and competitive due to presence of many small players operating in this sector owing to its low entry barriers, due to low capital and technological requirements. West Bengal are a major paddy growing area with many rice mills operating in the area. High competition restricts the pricing flexibility of the industry participants and has a negative bearing on the profitability.

Key strengths

Experienced promoters

The key promoter, Mrs. Swopna Saha, has over a decade of experience in milling and processing of pulses and wheat-based products through her associate entity. She will look after the overall management of the company supported by Mrs. Bonna Saha.

Close proximity to raw material sources

HSLF's plant is located at Bagna, Jaleswar, West Bengal which is in the midst of paddy growing area. The entire raw material requirement is met locally from the farmers (or local agents) which helps the entity to save transportation cost and procure raw materials at effective prices. Further, rice being a staple food grain with India's position as one of the largest producers and consumer, demand prospects for the industry is expected to remain satisfactory in near to medium term.

Applicable criteria

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

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Project stage companies](#)

About the company

Incorporated in March, 2019, Habra Shree Lakshmi Food Products Private Limited (HSLF) is promoted by Mrs. Swopna Saha and Mrs. Bonna Saha based out West Bengal for setting up a milling and processing plant for rice and its by-products with a proposed installed capacity of 48000 metric ton per annum (MTPA). The company is currently setting up its rice milling and processing plant at North 24 Parganas, West Bengal and the commercial operation of the plant is estimated to commence from September 2022.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	Q1/H1/9MFY23
Total operating income	0.00	0.00	NA
PBILDT	0.00	0.00	NA
PAT	0.00	0.00	NA
Overall gearing (times)	-20.16	11.67	NA
Interest coverage (times)	0.00	1.27	NA

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	6.70	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	May 2029	6.30	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/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-Term Loan	LT	6.30	CARE B; Stable; ISSUER NOT COOPERATING*	1)CARE B+; Stable (05-Apr-22)	1)CARE B+; Stable (05-Aug-21)	-	-
2	Fund-based - LT-Cash Credit	LT	6.70	CARE B; Stable; ISSUER NOT COOPERATING*	1)CARE B+; Stable (05-Apr-22)	1)CARE B+; Stable (05-Aug-21)	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (05-Apr-22)	1)CARE A4 (05-Aug-21)	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings 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 us:

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