

Chakrapani Vyapar Private Limited

February 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	97.25	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Detailed Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Chakrapani Vyapar Private Limited (CVPL) to monitor the rating(s) vide e-mail communications/letters dated November 12, 2024, January 07, 2025, January 10, 2025, February 04, 2025, and February 11, 2025, and numerous phone calls. However, despite our repeated requests, the company 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. The rating on CVPL's bank facilities will now be denoted as CARE BB; 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 information.

Analytical approach: Standalone

Detailed description of key rating drivers:

At the time of last rating on March 20, 2024 the following were the rating strengths and weaknesses

Key weaknesses

Stressed debt coverage indicators

Despite increase in scale of operations from Rs. 774 crore in FY21 to Rs. 1042 crore in FY22 and further to Rs. 1252 crore in FY23, company's gross cash accruals (GCA) generation has remained low and generated Rs. 3.4 crore during FY23 (FY22: Rs. 4.9 crore). Thin PBDIT margins associated with trading business as well as loss on sale of shares recorded in FY23 are the reasons behind lower GCA. Company's ECGL debt repayment would be high at Rs. 3.3 crore and Rs. 5.6 crore for FY25 and FY25 respectively. Therefore, it is imperative for the company to improve its scale and free cashflow generation to ensure continuation of satisfactory debt service coverage ratio (DSCR).

Moderate capital structure and debt coverage indicators

TOL/TNW deteriorated to 4.3x as on March 31, 2023, from 3.34x as on March 31, 2022 on account of unsecured loan of Rs. 47 Cr availed by the company to execute a large year end order. The loan was repaid after realization of receivables in the current year. The net worth base of the company also reduced to Rs. 52.15 Cr as on March 31, 2023 from Rs. 54.73 Cr as on March 31, 2022 due to share buyback. CARE Ratings expects that company's TOL/TNW will remain above 3x in near to medium term.

Competition from independent and del credere agents

The company operates in a highly competitive and fragmented market. It not only competes with the del-credere agents of large companies but also with other local polymer traders resulting in severe pricing pressure and thin profit margins.

Volatile commodity prices

CVPL is a pure-play trader, it sources the polymers domestically and distributes to the local manufacturers and processors. Profitability margins have remained thin by virtue of the trading nature of business. The profitability margin of the company is exposed to many adverse fluctuations in the raw material prices which are correlated to crude oil and foreign exchange rates.

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

Key strengths

Comfortable operating cycle

Operating cycle of the company has continued to increase over the years, for FY23 it stood at 51 days (FY22: 43 days). The increase in operating cycle was due to increase in receivable cycle, the company had received a large order in the year end leading to increased receivables. As on September 30, 2023 receivables have reduced to Rs 164 cr from Rs 194 cr as on March 31, 2023. In general, CVPL holds inventory for period of around 15-20 days and has collection period of around 50 days however, with certain customers where the company enjoys long relationship and based on the volume of sales, CVPL permits about 90 days of credit. The company pays off its creditors before due date to avail better pricing.

Experienced Promoters

The promoters of the company - Mr. Alok Sethia (Chairman) and Mr. Virendra Saraf (MD) - command experience of more than two decades in the trading of plastic raw material and polymers. Additionally, since its incorporation in 1995, the company has developed a healthy market image and shares good long-term relations with its customers & suppliers. The same has helped the company in achieving the sales growth over the past years. With more than Rs. 900 crores of sales coming from Bengaluru region, CVPL is one of the largest traders of plastic raw material and polymers in the city.

Applicable criteria

[Definition of Default](#)

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

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Incorporated in 1995, CVPL is promoted by Mr. Alok Sethia and Mr. Virendra Saraf. CVPL is engaged in the trading of plastic granules, PVC, PP Fabrics and plastic rolls. The polymer products find its application in various industries including FMCG, pharma, beverages, industrial chemicals, housing durables, etc. CVPL procures goods from domestic markets and distributes to the local manufacturers and processors in South India

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	September 30, 2023 (UA)
Total operating income	1,042.23	1,252.46	447.67
PBILDT	17.24	16.43	6.68
PAT	4.66	3.28	1.70
Overall gearing (times)	1.94	2.92	NA
Interest coverage (times)	1.59	1.60	NA

A: Audited UA: Unaudited; NA: Not available Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	79.25	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	March 2028	18.00	CARE BB; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	79.25	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (20-Mar-24)	1)CARE BBB-; Stable (20-Mar-23)	1)CARE BBB-; Stable (09-Mar-22)
2	Fund-based - LT-Term Loan	LT	18.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (20-Mar-24)	1)CARE BBB-; Stable (20-Mar-23)	1)CARE BBB-; Stable (09-Mar-22)

*Issuer did not cooperate; based on best available information.

LT: Long term

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

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here
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Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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