

Topsia Estate Private Limited

March 21, 2025

| Facilities | Amount (₹ crore) | Ratings ¹ | Rating Action |
|----------------------------|------------------|---|--|
| Long-term bank facilities | 2.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* | Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category |
| Short-term bank facilities | 6.00 | CARE A4; ISSUER NOT COOPERATING* | Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category |

Details of facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Topsia Estate Private Limited (TEPL) to monitor the ratings vide e-mail communications dated February 04, 2025, March 04, 2025, among others 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. Further, TEPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The ratings on TEPL's bank facilities will now be denoted as **CARE BB-; Stable/ 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 rating(s).

The ratings have been revised due to lack of clarity on future growth strategy and inability to monitor the performance of the company, which is critical for assessing the credit risk profile of the company. The ratings continue to remain constrained its small scale of operations, modest financial performance in FY24 (refers to the period April 1 to March 31), exposure to volatility in prices of traded goods, forex fluctuation risk and highly competitive and fragmented nature of the industry.

The constraints are however, offset by the experienced promoters with long track record of operations and comfortable capital structure with satisfactory debt coverage indicators.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 28, 2024, the following were the rating strengths and weaknesses (updated for the information available from ROC).

Key weaknesses

Small scale of operations

The scale of operations of the company continued to remain small marked by total operating income (TOI) of around Rs.48 crore in FY24 and net worth of Rs.10.40 crore as on March 31, 2024. The small size deprives it the benefits of economies of scale and restricts the financial flexibility of the company in times of stress.

Modest financial performance in FY24

Financial performance of the company continues to remain modest with TOI of Rs.48.44 crore (Rs.43.16 crore in FY23) and PBILDT margin of 4.68% in FY24 (4.12% in FY23). With slight improvement in PBILDT margin, PAT margin also witnessed slight improvement from 2.87% in FY23 to 3.04% in FY24.

Exposure to volatility in prices of traded goods and forex fluctuation risk

The company imports its traded materials i.e. leather, fabrics, furniture and steel/aluminium scraps and sales happen in domestic market only. The prices of the traded goods remain volatile and the same is determined by global demand and supply scenarios. Since, the company procures and stock its traded goods and sells as per its clients' demand, it remains exposed to the extent of stock holding.

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

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

Also, the company remains exposed to adverse movement in forex rates as 100% of traded goods is imported and no export sales take place. Hence, there is no existence of natural hedge and also the company does not hedge its foreign currency fluctuation risk. Thus, profitability of the company is vulnerable to foreign currency risk. Nonetheless, in the last three financial years ended FY23, the company did not incur any significant loss on account of forex fluctuation risk.

Highly competitive and fragmented nature of the industry

The trading industry is highly fragmented with presence of a large number of small to medium scale organized and unorganized players owing to low entry barriers. High competition in the operating spectrum and small size of the company limits the scope for margin expansion. Hence the players in the industry do not have pricing power and are exposed to competition induced pressures on profitability.

Key strengths

Experienced promoters and long track record of operations

TEPL is into trading of knitted and woven fabrics, artificial/ imitation leathers, furniture, and a wide range of steel scrap since 1998 and thus has long operational track record. Being in the same line of business since long period, the promoters have built up established relationship with its clients and the company is deriving benefits out of this. Rajendra Kumar Jain has over three decades of experience in the same line of business. He looks after the day-to-day operations of the company supported by other promoters.

Comfortable capital structure with satisfactory debt coverage indicators

The overall gearing improved and stood at 0.04x as on March 31, 2024 as against 0.18x as on March 31, 2023 majorly due to nil utilization of working capital borrowings. The debt coverage indicators witnessed improvement with interest coverage ratio improving from 12.54x in FY23 to 15.92x in FY24. Similarly, TDGCA improved from 1.08x as on March 31, 2023 to 0.25x as on March 31, 2024.

Applicable criteria

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

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

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

Incorporated in August 1998, TEPL was promoted by the Jain family of West Bengal. Since its inception, TEPL has been engaged in trading of fabrics (Knitted and woven fabrics), furniture, artificial/imitation leather, steel & aluminium scraps, marbles and polyninyl chloride (PVC) rigid films and veneer sheets etc. The company imports its traded materials from China, Italy, Malaysia, Singapore, Thailand, Netherland etc. The company sells its products under its registered trademark named 'TONY'. The company is an agent in India of Jiangsu Dongtai Polymeric, Shaoxing Dongtai Polymeric Materials Company Limited, Caprico International, Convoy Hong Kong Limited for PU leather. The company has two branches located in Kolkata and Chennai and it sells its products through distributors in the state of West Bengal, Tamil Nadu, Telangana and Karnataka. Currently, the day-to-day operations of the company are looked after by Rajendra Kumar Jain along with a team of experienced staffs.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) |
|----------------------------|--------------------|--------------------|
| Total operating income | 43.16 | 48.44 |
| PBILDT | 1.78 | 2.27 |
| PAT | 1.24 | 1.47 |
| Overall gearing (times) | 0.18 | 0.04 |
| Interest coverage (times) | 12.53 | 15.92 |

A: Audited; 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 | | - | - | - | 2.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-ILC/FLC | | - | - | - | 6.00 | CARE A4; 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 | 2.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* | - | 1)CARE BB; Stable (28-Mar-24) | 1)CARE BB; Stable (06-Feb-23) | 1)CARE BB; Stable (14-Mar-22) |
| 2 | Non-fund-based - ST-ILC/FLC | ST | 6.00 | CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE A4+ (28-Mar-24) | 1)CARE A4+ (06-Feb-23) | 1)CARE A4 (14-Mar-22) |

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

LT: Long term; ST: Short term; LT/ST: Long term/Short 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 | Non-fund-based - ST-ILC/FLC | Simple |

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

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:

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:

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