

Shirpur Gold Refinery Limited

August 23, 2021

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	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
Total Bank Facilities	365.50 (Rs. Three Hundred Sixty-Five Crore and Fifty Lakhs Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated August 20, 2020, 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 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 August 06, 2021, August 05, 2021, August 02, 2021, July 20, 2021, July 16, 2021, July 08, 2021, July 06, 2021, July 05, 2021, July 01, 2021 and June 30, 2021. 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.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed description of the key rating drivers

At the time of last rating on August 20, 2020 the following were the rating strengths and weaknesses (updated for the information available from stock exchange):

Key Rating Weaknesses

On-going delay/default in debt servicing

As per the Limited Audit Report available with the company's stock exchange disclosure for FY21's abridged results, there are ongoing delays in debt servicing. Further, the audit report mention that three Lender banks and a financial institution have outstanding dues classified as non-performing assets, amounting to Rs.340 crore including bank guarantees invoked, interest and penal interest of Rs.57.70 crore due to defaults in repayment and non-compliance of the terms and conditions.

Update on performance in FY21

The financial performance of the company has deteriorated in FY21. The total operating income of the company increased by 22% to Rs.4,381 crore as compared to Rs.3,556 crore in FY20. The improvement was due to increased demand and prices of gold. SGRL incurred net loss of Rs.245 crore in FY21 (as compared to net loss of Rs.141 crore in FY20). Overall gearing of the company deteriorated further due to erosion of net-worth on account of huge loss incurred in FY21.

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.

² Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)
[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[CARE's Policy on Curing period](#)
[Liquidity Analysis of Non-Financial Sector Entities](#)

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 (Rs. crore)	FY20 (A)	FY21 (Abridged)
Total operating income	3566	4381
PBILDT	-80	-192
PAT	-140	-245
Overall gearing (times)	3.02	-23.16
Interest coverage (times)	-1.51	-4.16

A: Audited

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 last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. 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*

*Issuer did not cooperate; Based on best available information

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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	37.50	CARE D; ISSUER NOT COOPERATING*	-	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)	1)CARE BBB+ (CWN) (11-Feb-19) 2)CARE BBB+; Stable (06-Apr-18)
2.	Non-fund-based - ST-BG/LC	ST	328.00	CARE D; ISSUER NOT COOPERATING*	-	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)	1)CARE A2 (CWN) (11-Feb-19) 2)CARE A2 (06-Apr-18)

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-BG/LC	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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