

## Kuber Securities (Revised)

December 27, 2022

### Rating

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	2.75	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
<b>Total Bank Facilities</b>	<b>2.75</b> <b>(₹ Two Crore and Seventy-Five Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1.

### Detailed rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated April 06, 2018, placed the rating of Kuber Securities (Kuber) under the 'issuer non-cooperating' category as Kuber had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. Kuber continues to be non-cooperative despite repeated requests for submission of information through e-mails dated November 08, 2022, November 18, 2022, and November 28, 2022. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the ratings on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on bank facilities of Kuber are denoted as '**CARE B-; 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.***

The rating has been revised on account of non-availability of operational or financial details to support the previous rating as the same have not been provided by the company.

### Detailed description of key rating drivers

*At the time of last rating on December 23, 2021 the following were the rating strengths and weaknesses. CARE Ratings Ltd. has not received any information after FY16:*

### Detailed description of the key rating drivers

#### Key rating weaknesses

**Small size of operations and constitution of the entity as a partnership firm:** Kuber operates at a small scale with low revenue base from both proprietary trading as well as wind energy business. However, during FY16, the firm registered total operating income of Rs.8.02 crore as against Rs.3.28 crore during FY15. The increase in total operating income is on account of scale up of operations in its securities trading business segment, but it still remained low. Further, Kuber's constitution as a partnership firm limits the firm's access to capital market thereby restricting its financial flexibility. The firm also faces the risk of withdrawal of funds by partners.

**High market risk owing to significant proprietary trading and volatile income profile:** The firm derives a significant proportion of its revenues from the proprietary trading business. However, during FY16, the firm earned 75% of its revenues from the trading business as against 46% in FY15. This exposes the firm to the fluctuations and volatile nature of securities business. In the past years, Kuber has reported large fluctuation in income and profitability primarily due to high volatility in the proprietary trading segment. Total income from securities trading stood at Rs.6.04 crore in FY16 as against Rs.1.51 crore during FY15, whereas the income from wind power generation stood at Rs.1.79 crore in FY16 as against Rs.1.77 crore in FY15.

<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

### **Key rating strengths**

**Profitable scale up of operations:** During FY16 the total operating income has registered a y-o-y growth of 143% and increased to Rs.8.02 crore as against Rs.3.30 crore in FY15. Kuber generates revenue from two segments viz securities trading and selling of power generated through wind mill. The profitability of the company also improved, PBILDT stood at Rs.4.12 crore as against -0.57 crore in FY15, PAT for FY16 stood at Rs.6.97 crore as against loss of Rs.2.47 crore in FY15.

**Comfortable gearing levels:** Total debt of Kuber as on March 31, 2016, stood at Rs.7.29 crore, which comprised of Rs.3.81 crore of bank term loans, Rs.2.80 crore of vehicle loans and Rs.0.67 crore of unsecured loans from promoters. Overall gearing ratio stood comfortable at 0.49x as on March 31, 2016 as against 0.61x as on March 31, 2015, the improvement is on account of repayment of term loans by the firm.

**Established promoter group:** Kuber is managed by two partners Mr. Mul Chand Malu and Mr. Vikas Malu who belong to the Kuber family. Mr. Mul Chand Malu is the founder & promoter of the group and has an experience of more than 30 years in varied business segments such as securities, trading of tobacco, cigarettes, etc.

Low off-take risk and O&M agreement with SISL and registration with CDM Executive Board Kuber has entered into Power Purchase Agreement (PPA) with GUVNL for sale of generated electricity at an agreed price of Rs.3.37 per unit for 20 years. The above agreement reduces the off-take risk for the generated electricity and thus ensures steady inflow of revenue streams. The credit risk related to off-taker is also low given the healthy credit profile of GUVNL. Kuber has also entered into O&M agreement with Suzlon Infrastructure Services Limited (SISL) wherein SISL would be responsible for operating and maintaining Wind Turbine Generators (WTG) for a period of 20 years w.e.f. April 1, 2009. Further, Kuber's energy development business is based on Clean Development Mechanism (CDM), for which the firm is eligible for Carbon Credit, as per the Kyoto Protocol. For being eligible to sell CER (Certified Emission Reduction) Units and earn revenue. The registration of project with CDM Executive Board (CDMEB) is completed. Now the firm will be entitled to sell CER Units and earn revenue.

**Analytical approach:** Standalone

### **Applicable criteria**

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

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

[Financial Ratios – Financial Sector](#)

[Rating Methodology – Non-Banking Finance Companies \(NBFCs\)](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

### **About the company**

Established in the year 1998, Kuber is a partnership firm promoted by Mr. Mul Chand Malu and Mr. Vikas Malu with equal profit-sharing arrangements. Kuber is a part of Kuber group promoted by Mr. Mul Chand Malu. The group has diversified presence in many businesses viz. tobacco products, cigarettes, snacks, music industry etc. across varied group entities. Kuber is engaged in the business of trading in securities and generation of electricity through wind mill. During FY16, the firm derived about 75% of its revenues from securities trading segment and the rest was contributed by wind power segment.

<b>Brief Financials (₹ crore)</b>	<b>March 31, 2015 (A)</b>	<b>March 31, 2016 (A)</b>	<b>March 31, 2022 (A)</b>	<b>H1FY23 (U/A)</b>
Total operating income	3.30	8.02	<b>NA</b>	<b>NA</b>
PAT	-2.47	6.53		
Interest coverage (times)	-0.57	4.13		
Total Assets	NA	NA		
Net NPA (%)	NA	NA		
ROTA (%)	NA	NA		

A: Audited; NA: Not available; U/A: Un-Audited

\*\*Financials are not available from FY17 to FY22

**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 covenants of the rated instruments/facilities is given in Annexure-3

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

#### 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-Term Loan	-	-	-	Not available	2.75	CARE B-; Stable; 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	2.75	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (23-Dec-21)	1)CARE B; Stable; ISSUER NOT COOPERATING* (15-Oct-20)	1)CARE B; Stable; ISSUER NOT COOPERATING* (03-Sep-19)

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities-** Not available

#### Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Term Loan	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 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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