

## Eminent Dealers Private Limited (Revised)

December 31, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	17.54	CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE BBB-; Stable (Triple B Minus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	14.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (Double B Plus ; Outlook: Stable/ A Four Plus ISSUER NOT COOPERATING*)	Revised from CARE BBB-; Stable / CARE A3 (Triple B Minus ; Outlook: Stable / A Three) and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	0.77	CARE A4+; ISSUER NOT COOPERATING* (A Four Plus ISSUER NOT COOPERATING*)	Revised from CARE A3 (A Three) and moved to ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>32.31 (Rs. Thirty-Two Crore and Thirty- One Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1

CARE has been seeking information from Eminent Dealers Limited (EDPL) to monitor the ratings vide e-mail communications/letters dated July 22, 2021, August 17, 2021, November 30, 2021, December 20, 2021 and December 21, 2021 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 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 ratings on EDPL'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.***

The revision in rating assigned to the bank facilities of EDPL takes into account moderation in financial profile during FY21 (FY refers to the period from April 1 to March 31) and non-availability of adequate information.

The ratings continue to remain constrained on account of its of risk associated with the import of Polyester Staple Fibres (PSF) from different countries, availability of substitutes like cotton with competitive prices in domestic market and stretched liquidity. The rating, however, continue to derive strength from experienced management, location advantage by virtue of being situated in the textile cluster of Bhilwara (Rajasthan) with established customer base and moderate profitability margins.

### Detailed description of the key rating drivers

At the time of last rating on November 02, 2020, the following were the rating weaknesses and strengths (updated for latest available information including FY21 audited results from Ministry of Corporate affairs).

### Key Rating Weakness

#### Moderation in financial profile during FY21

During FY21, TOI has declined significantly to Rs.68.67 crore from Rs.89.52 crore in FY20. PBILDT margin had remained in line with FY20 but with decline in TOI and increase in interest costs, GCA had declined by 45%. Also, company had availed new term loans and increased its WC borrowings leading to deterioration in overall gearing and debt coverage indicators.

<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

**Risk associated with the import of PSF from China and other countries**

The biggest challenge facing the man-made fibre industry is competition from the other low cost neighbouring countries which attract more business from the international market because of lower production costs, ease in doing business and easier trade routes. Man-made fibre price in India is expensive by 20 per cent to 30 per cent due to high incidence of duties and levies; there was a threat of cheaper imports pouring in, especially from countries like China.

**Availability of cotton (substitute) with competitive prices in domestic market**

Polyester Staple fibres face stiff competition from cotton based products. The higher availability of cotton in the domestic market is expected to put pressure on the polyester and viscose demand. However, demand for man-made fibre from the technical textiles and home textile segment is expected to remain strong whereas cotton is expected to maintain its pole position.

**Key Rating Strength****Experienced management**

Mr. Rajesh Kumar Agarwal, Chairman and Managing Director, has more than a decade of experience in the textile industry and looks after overall affairs of the company. He is assisted by Mr. O P Tiwari who has more than two decades of experience in the textile industry and looks after production function of the company.

**Location advantage by virtue of being situated in textile cluster of Bhilwara along with established customer base**

The company is located at Bhilwara which is one of the largest textile clusters in India. EDPL's presence in the textile manufacturing region results in benefit derived from established customer base as most of its customers are located locally. The customer base of the company includes well known players and has generated around 86.06% of Total Operating Income (TOI) in FY20 (FY refers to the period from April to March) from top four customers.

**Moderate profitability margins**

The profitability margins of the company remained moderate marked by PBILDT and PAT margin of 10.82% and 0.74% respectively in FY21. During FY21, PBILDT margin of the company has deteriorated by 36 bps over FY20. PAT margin has also deteriorated by 155 bps in FY21 over FY20.

**Successful completion of project**

The company had undertaken a project for enhancement of its capacity from 30 Tonne per day to 45 Tonne per day. The company completed the project in October 2019 and started commercial operations from October 2019. The total project cost of Rs.7.32 Crore was funded through term loan of Rs 4.39 Crore, unsecured loans of Rs.2.75 crore and remaining through internal accruals.

**Liquidity: Stretched**

The liquidity position of the company stood stretched with elongation of operating cycle to 77 days in FY21 from 46 days in FY20 with higher inventory holding period. The current ratio and quick ratio stood moderate at 1.33 times and 0.42 as on March 31, 2021 respectively. Considering the additional term loans the debt repayments are expected to remain high.

**Analytical approach: Standalone****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](#)

[Manufacturing Companies](#)

**About the Company**

Bhilwara (Rajasthan) based Eminent Dealers Private Limited (EDPL, CIN : U29246WB1999PTC089746) was incorporated in June, 1999 by Mr. Rajesh Kumar Agarwal, Mrs. Saroj Agarwal, Mr. Saurav Agarwal and Mr. Gaurav Agarwal with an objective to set up real estate business. However, in FY16, the company undertook a green-field project for manufacturing of Polyester Staple Fibers (PSF). It completed its project and started commercial operations from July, 2016. The plant of the company is located at Bhilwara with an installed capacity of 45 Tonnes Per Day (TPD) as on March 31, 2020.

It also manufactures PSF on job work basis for other process houses and from FY18, the company has also started trading of PET bottles, FMCG products and yarn sales etc. The company procures raw material from all over India and sales its finished products to local spinning units.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	H1FY22
Total operating income	89.52	69.35	NA
PBILDT	10.01	7.43	NA
PAT	2.06	0.51	NA
Overall gearing (times)	0.90	1.23	NA
Interest coverage (times)	3.70	2.34	NA

A: Audited

**Status of non-cooperation with previous CRA:** CRISIL has conducted the review on the basis of best available information and has classified the EDPL as "Not cooperating" vide its press release dated September 15, 2021. ICRA has conducted the review on the basis of best available information and has classified the EDPL as "Not cooperating" vide its press release dated June 29, 2020. Brickworks has conducted the review on the basis of best available information and has classified the EDPL as "Not cooperating" vide its press release dated October 07, 2020.

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** 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	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - ST-Bank Guarantees	-	-	-	-	0.77	CARE A4+; ISSUER NOT COOPERATING*
Fund-based - LT/ ST-Cash Credit	-	-	-	-	9.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Fund-based - LT/ ST-Cash Credit	-	-	-	-	4.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	May, 2027	16.14	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft	-	-	-	-	1.40	CARE BB+; Stable; ISSUER NOT COOPERATING*

#### 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	Non-fund-based - ST-Bank Guarantees	ST	0.77	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A3 (02-Nov-20)	1)CARE A3 (03-Sep-19)	1)CARE A3 (21-Sep-18) 2)CARE A3 (03-Jul-18)

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
2	Fund-based - LT/ST-Cash Credit	LT/ST*	9.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable / CARE A3 (02-Nov-20)	1)CARE BBB-; Stable / CARE A3 (03-Sep-19)	1)CARE BBB-; Stable / CARE A3 (21-Sep-18) 2)CARE BBB-; Stable / CARE A3 (03-Jul-18)
3	Fund-based - LT/ST-Cash Credit	LT/ST*	4.50	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable / CARE A3 (02-Nov-20)	1)CARE BBB-; Stable / CARE A3 (03-Sep-19)	1)CARE BBB-; Stable (21-Sep-18) 2)CARE BBB-; Stable (03-Jul-18)
4	Fund-based - LT-Term Loan	LT	16.14	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (02-Nov-20)	1)CARE BBB-; Stable (03-Sep-19)	1)CARE BBB-; Stable (21-Sep-18)
5	Fund-based - LT-Bank Overdraft	LT	1.40	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (02-Nov-20)	-	-

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities :-** Not applicable

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

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-Cash Credit	Simple
4	Non-fund-based - ST-Bank Guarantees	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 instrument:** CARE Ratings Ltd. 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 CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

#### Disclaimer

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