Anant Electricals & Engineers
July 29, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long term Bank Facilities	7.80	**CARE B+; Stable (Single B Plus; Outlook: Stable)**	**Assigned**
Short term Bank Facilities	4.00	**CARE A4 (A Four)**	**Assigned**
Proposed Long/Short term Facilities	3.20	**CARE B+; Stable / CARE A4 (Single B Plus; Outlook: Stable/ A Four)**	**Assigned**
Total Facilities	**15.00 (Rs. Fifteen Crore Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Anant Electricals & Engineers (AEE) are constrained by small and declining scale of operation, moderate profit margin, highly leveraged capital structure and weak debt coverage indicators, highly working capital intensive nature of operations and weak liquidity position. The ratings are further constrained by susceptibility of profit margins due to volatile raw material prices, presence in competitive and fragmented and labour intensive industry and partnership nature of constitution.

The ratings however, derive strength from long track record of operations and experienced partners in the industry and established relations with reputed clientele along with moderate order book position.

Ability of AEE to increase its scale of operations while improving its profitability amidst intense competition and improvement in capital structure along with efficient management of its working capital requirement remain the key rating sensitivity.

Detailed description of Key rating drivers

Key Rating Weaknesses

Small and declining scale of operations and moderate profit margin

Total operating income of the firm remained small and declining during past three years ending FY18. Further total operating income (TOI) of the firm declined significantly to Rs. 12.44 crore in FY18 (vis-à-vis Rs. 31.08 crore in FY17) due to slowdown in power sector, firm was not able to execute the work. AEE has achieved total operating income of Rs. 42 crore in 10MFY19. Further, the tangible net worth of the firm stood small at Rs.2.12 crore due to low capitalization during past despite long track record of operations which further limits the financial flexibility of the company to the extent.

Operating profit margins of company have been moderate in the past three years ended FY18. However it improved to 18.73% in FY18 from 10.73% in FY17 mainly on account of lower cost incurred in traded goods purchase, employee cost, selling expenses in FY18. Further net profit margin also improved to 5.53% in FY18 from 2.34% in FY17 on account of lower depreciation and interest cost incurred in FY18.

Highly leveraged capital structure and weak debt coverage indicators

Capital structure of the firm remained highly leveraged during past three balance sheet dates ended March 31, 2018 on account of increasing debt level and low net worth base. Further overall gearing of the firm deteriorated significantly to 16.06x as on March 31, 2018 from 3.86x as on March 31, 2017 on account of increased debt level with addition of unsecured loan amounting to Rs.6.85 crore in FY18, higher utilization of working capital limit, availment of term loan and reduced net worth base due to capital withdrawal by partners amounting to Rs. 4.46 crore as on March 31, 2018.

Owing to the same and low gross cash accruals, the debt coverage indicators also remained weak deteriorated further with total debt to gross cash accruals at 42.00x in FY18 vis-à-vis 25.96x in FY17. However comfort can be drawn from the fact that out of the total debt outstanding as on March 31, 2018, around 70% of the debt is

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and other CARE publications.*

in the form of unsecured loans from related parties having no fixed repayment schedule. Interest coverage ratio remained stable at 1.38x in FY18.

Highly working capital intensive nature of operations

Operations of AEE are working capital intensive mainly on account of funds being blocked in inventory (average inventory period is 296 days) and receivables (avg. collection period is 538 days) led to elongation of working capital cycle to 530 days. Company usually receives the payment on work completion basis and within 30 days after raising the invoice however due to slowdown in power sector payment got stuck and the inventory also remained significantly high. Further company had debtors outstanding of Rs. 10.99 crore as on March 31, 2018 out of which Rs. 5.50 crore debtors have been recovered. Further on the other hand it makes payment within two months however firm has also delayed the payment to its suppliers which led to high creditors' period of 304 days in FY18. All taken collectively, operations of the company remains highly working capital intensive leading to 100% utilization of its working capital limit (Rs. 7.80 crore) for past twelve months ended January 2019.

Weak Liquidity position

Liquidity position stood weak with current ratio of 0.77x as on March 31, 2018 and quick ratio of 0.48x in FY18. Further free cash and bank balance remained low at Rs. 0.56 crore as on March 31, 2018 vis-à-vis Rs. 0.82 crore as on March 31, 2017.

Susceptibility of profit margins due to volatile raw material prices

The material is the major cost driver (constituting about 61% of total cost of sales in FY18) and the prices of the same are volatile in nature therefore cost base remains exposed to any adverse price fluctuations in the prices of the products. Electrical goods being major cost components amongst all material which are volatile in nature. Accordingly, the profitability margins of the firm are susceptible to fluctuation in material prices. With limited ability to pass on the increase in material costs in a competitive operating spectrum, any substantial increase in material costs would affect the firm's profitability.

Presence in competitive and fragmented and labour intensive industry

Firm operates in a highly competitive and fragmented electrical goods industry. The firm witnesses intense competition from both the other organized and unorganized players domestically. This fragmented and highly competitive industry results into price competition thereby posing a threat to the profit margins of the companies operating in the industry. Further the operations are labour intensive as it is dependent on skilled and availability of labour.

Partnership nature of constitution

Being a partnership form, AEE has inherent risk of withdrawal of partners' capital at the time of personal contingency. Further entity has withdrawn the capital of Rs. 4.46 crore in FY18. Furthermore, it has restricted access to external borrowings where net worth as well as creditworthiness of the partners are the key factors affecting credit decision of the lenders. Hence, limited funding avenues along with limited financial flexibility have resulted in small scale of operations for the entity.

Key rating Strengths

Long track record of operations and experienced partners in the industry

Firm possesses long track record of operations of around three decades and is managed by Mr. Rahul Joshi and Ms. Manisha Akhave who have rich experience for more than two decades in the industry. All the partners are assisted by experienced management team in the field of accounts, sales and operations to carry out day-to-day operations of the company. Firm has presence in various states of India.

Established relations with reputed clientele along with moderate order book position

AEE has maintained long-standing & established relationship with the reputed clients in power sector viz. Inox Wind Limited, Tata Power Limited, Suzlon Energy Limited, Siemens Gamesa Renewable Energy Limited for which the entity does various types of setting up transmission lines and substation. Further, AEE has moderate unexecuted order book of Rs. 60 crore (4.82x of total operating income of FY18) which is likely to be executed by March 31, 2019.

Analytical approach: Standalone

Applicable Criteria:
[Criteria on assigning Outlook to Credit Ratings]
[CARE's Policy on Default Recognition]
[Criteria for Short Term Instruments]
[Rating Methodology - Service Sector Companies]
[Financial ratios – Non-Financial Sector]

About the Company
Anant Electricals & Engineers (AEE) was established in 1990 as a partnership firm by Mr. Rahul Joshi and Ms. Manisha Akhave. AEE is engaged in the business of setting up transmission lines and substation for the players in power sector such as Inox Wind Limited, Tata Power Limited, Suzlon Energy Limited, Siemens Gamesa Renewable Energy Limited, etc. and trading of electrical goods (constitutes 5% of the total revenue). AEE has presence in the various states of India. Registered office of the firm is located in Thane, Maharashtra.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	31.08	12.44
PBILDT	3.34	2.33
PAT	0.73	0.69
Overall gearing (times)	3.86	16.06
Interest coverage (times)	1.36	1.38

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History (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	-	-	-	7.80	CARE B+; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	4.00	CARE A4
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	-	-	-	3.20	CARE B+; Stable / CARE A4

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	7.80	CARE B+; Stable	-	-	-	-
2.	Non-fund-based - ST-Bank Guarantees	ST	4.00	CARE A4	-	-	-	-
3.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	3.20	CARE B+; Stable / CARE A4	-	-	-	-

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.

****For detailed Rationale Report and subscription information, please contact us at www.careratingsEshan Yarns Private Limited**

July 29, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating[2]	Rating Action

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Long term Bank Facilities	12.00	CARE BB-; Stable (Double B Minus; Outlook: Stable)	Reaffirmed
Total facilities	**12.00 (Twelve crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Eshan Yarns Private Limited (EYPL) continues to be constrained by the small scale of operations and fragmented nature of the industry. The rating is further constrained by the short track record with recent start of manufacturing operations, leveraged capital structure and customer and geographical concentration risk in the revenue profile.

The rating, however, derives strength from the company's experienced promoters, favorable location of operations and comfortable operating cycle.

Going forward, EYPL'S ability to stabilize its recently started manufacturing operations and achieve the projected sales and profitability while improving its overall solvency position will remain the key rating sensitivities. Furthermore, any new capex and funding mix for the same will also remain a key rating sensitivity.

Detailed description of the key rating drivers

Key Rating Weaknesses

Short track record and small scale of operations: EYPL started its operations in Apr-2017 as a trading company engaged in the sale of yarns and knitted fabrics. However, in April-2019, the company changed its nature of operations to manufacturing and since then has been engaged in the manufacturing of knitted polyester fabrics. The scale of operations of the company continued to remain small in FY19 which further declined by ~22% on a year-on-year (y-o-y) basis. The decline in the operating income was on account of increased focus of the promoters/ management on setting up the new manufacturing unit and gradually shutting down the trading operations.

Decline in profitability margins and leveraged capital structure: The PBILDT margins of the company declined in FY19 on a y-o-y basis on account of increase in employee expenses incurred during the year. These expenses majorly pertained to employees hired for the manufacturing operations, which started from Apr-2019. Subsequently, this also led to a decline in the PAT margins in FY19. The solvency position of the company remained leveraged and deteriorated on a y-o-y basis due to increased term loans availed by the company and increased unsecured loans infused by the related parties. These pertained to the setting-up of the new manufacturing unit and to meet other operational requirements of the company.

Customer concentration risk and geographical concentration risk: In FY19, the income from top-5 customers contributed ~55% of the total operating income (~67% in FY18), thereby exposing it to customer concentration risk. Going forward, in FY20, the company is utilizing the same dealer and distributorship network to market its products even with change in nature of operations from trading of yarns and fabrics to manufacturing of fabrics. Any change in the procurement policy of these customers may adversely impact the business of the company. This also exposes the company's revenue growth and profitability to its customer's future growth plans.

Further, the company's revenues are majorly limited to the states of Punjab and Kolkata only, thus exposing it to geographical concentration in its revenue profile. However, in FY20, the company has added new territories to its marketing network including Uttar Pradesh and NCR (National Capital Region), which is expected to mitigate the geographical concentration risk going forward.

Highly competitive & fragmented nature of operations: The company operates in a highly fragmented textile manufacturing industry where in the presence of a large number of entities in the unorganized sector and established players in the organized sector limits the bargaining power with customers. Given this, the company faces stiff competition from other small & medium players belonging to the fabrics manufacturing segment.

Key Rating Strengths

Experienced promoters: Since Apr-2019, the company has been engaged in the manufacturing of knitted polyester fabrics. The day-to-day operations of the company are looked after by Mr. Sanjeev Makkar who has an experience of more than two decades in textile industry and Ms. Shweta Makkar (w/o Mr. Sanjeev Makkar) who has an industry experience of around a decade in the textile industry. The promoters are assisted by a team of professionals who are highly experienced in their respective domains.

Favourable location of operations: EYPL operates its business from the area (Ludhiana, Punjab) which is one of the hubs for the textile industry. The presence of the company in the vicinity to the yarn manufacturing units gives it an advantage over competitors in terms of easy availability as well as favorable pricing terms. The favorable location also puts the company in a position to cut on the freight cost. Further, its group concern- Maharaja Cotspin Limited (MCL; CARE BB+; Stable/ CARE A4+) is also engaged in the manufacturing of yarn & knitted fabrics, thus providing synergies in operations of EYPL and an additional advantage to the company over competitors in terms of easy availability of yarn required for fabric manufacturing.

Analytical approach: Standalone

Applicable Criteria
Criteria on assigning Outlook to Credit Ratings
Financial ratios – Non-Financial Sector
CARE's methodology for wholesale trading
CARE's policy on default recognition
CARE's methodology for manufacturing companies

Liquidity Position
Stretched Liquidity Position: EYPL has been sanctioned working capital limits of Rs. 6 cr. which is yet to be fully released to the company. The released amount (Rs. 2 cr. till June 30, 2019) remained almost fully utilized since start of the manufacturing operations. EYPL had a modest cash and bank balance of ~Rs. 0.99 cr. as on March 31, 2019 (Prov.). However, the company has minimal repayment obligations of ~Rs. 0.16 cr. in FY20 (starting from August-2019). Further, the current ratio and the quick ratio of EYPL remained satisfactory at 1.03x and 0.96x respectively, as on March 31, 2019. The company had a short inventory holding period of ~8 days but a stretched collection period of ~66 days as on March 31, 2019 (Prov.). However, this has been offset by a stretched average creditor period of ~74 days as on March 31, 2019 (Prov.) leading to a comfortable operating cycle as on March 31, 2019.
Going forward, with increasing scale of operations, release of the full sanctioned cash credit limit will remain a key rating monitorable

About the Company
Eshan Yarns Private Limited (EYPL) is promoted by Mr. Sanjeev Makkar and Mrs. Shweta Makkar with the operations of the company starting in April-2017 only. The company was earlier engaged in the trading of yarns & knitted fabrics till March, 2019. However, in April-2019, the company has changed its nature of operations to manufacturing of polyester fabrics with an installed capacity of 10 MT (metric tonnes) per day, as on June 30, 2019.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (P)
Total operating income	30.78	23.88
PBILDT	1.20	0.60
PAT	0.85	0.44
Overall gearing (times)	0.37	2.03
Interest coverage (times)	995.33	69.35

A: Audited; P:Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Annexure-1: Details of 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	-	-	-	6.00	CARE BB-; Stable
Fund-based - LT-Term Loan	-	-	October, 2025	5.49	CARE BB-; Stable
Non-fund-based - LT-Bank Guarantees	-	-	-	0.51	CARE BB-; Stable

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	6.00	CARE BB-; Stable	-	1)CARE BB-; Stable (14-May-18)	-	-
2.	Fund-based - LT-Term Loan	LT	5.49	CARE BB-; Stable	-	-	-	-
3.	Non-fund-based - LT-Bank Guarantees	LT	0.51	CARE BB-; Stable	-	-	-	-

Annexure-3: Detailed explanation of covenants of the rated facilities: Not Applicable

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:

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Tirupati Enterprise
July 29, 2019

Ratings

Facilities	Amount (Rs. Crore)	Rating[1]	Rating Action
Long term bank facilities	-	-	Withdrawn

**Details of facilities in Annexure-1*

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the rating assigned to the bank facilities of Tirupati Enterprise with immediate effect. The above action has been taken at the request of the client and 'No Objection Certificate' received from the bank that has extended the facilities rated by CARE.

Liquidity

The liquidity position of the firm remained moderate marked by current ratio of 1.14x and quick ratio of 0.67x as on March 31, 2019. The Gross cash accruals also remained low at Rs.0.35 crore as on March 31, 2019.

Analytical approach: Standalone.

Applicable Criteria

CARE's policy on withdrawal of ratings

About the Firm

Tirupati Enterprise (TE) was established in 1998 by Mr. Santanu Dey, Mrs. Rebecca Dey with a profit sharing ratio of 60% and 40%, respectively. Since its establishment the firm is engaged in the wholesale trading of medicine at Kolkata, West Bengal. The firm has authorized license agreement since its inception with Department of Drug Controller under government of West Bengal.

Mr. Santanu Dey (aged, 49 years), having around two decades of experience in the same line of industry, looks after the day to day operations of the firm. He is supported by other partner Mrs. Rebecca Dey (aged, 79 years) and a team of experienced professionals.

Brief Financials (Rs. crore)	FY18 (A)	FY19(Prov.)
Total operating income	29.58	35.05
PBILDT	1.12	1.29
PAT	0.23	0.32
Overall gearing (times)	4.52	4.40
Interest coverage (times)	1.49	1.60

A- Audited, Prov-Provisional

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

Any other information: Not Applicable.

Rating History (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	-	-	-	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding	Rating	Date(s) & Rating(s) assigned in 2019-	Date(s) & Rating(s) assigned in 2018-	Date(s) & Rating(s)	Date(s) & Rating(s)

			(Rs. crore)		2020	2019	assigned in 2017-2018	assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (15-Jul-19)	1)CARE B; Stable; ISSUER NOT COOPERATING* (28-Sep-18)	1)CARE B+; Stable (25-Sep-17)	-

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:

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Shree Raj Metalloys Private Limited
July 29, 2019

Ratings

Facilities	Amount (Rs. Crore)	Rating[3]	Rating Action
Long term Bank Facilities	4.96	**CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING)**	Issuer not cooperating; Revised from CARE B+; Stable; Based on best available information
Short term Bank Facilities	2.00	**CARE A4; ISSUER NOT COOPERATING (A Four; ISSUER NOT COOPERATING)**	Issuer not cooperating; Based on best available information
Total	6.96 (Rs. Six Crore and ninety six lakh only)		

**Details of facilities in Annexure-1*

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **Shree Raj Metalloys Private Limited (SMPL)** to monitor the rating vide e-mail communications/letters dated May 27, 2019, June 10, 2019, July 10, 2019, July 24, 2019 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on SMPL's bank facilities will now be denoted as **CARE B; Stable/A4; ISSUER NOT COOPERATING**. Further, the banker could not be contacted.

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 takes into account its relatively small scale of operation, volatility in prices of trading materials and forex rates, stiff competition due to fragmented nature of the industry with presence of many unorganized players, working capital intensive nature of business and leveraged capital structure. The ratings, however, derive strength from its experienced promoter with long track record of operations, strategic location of the unit and association with Exide Industries Ltd.

Detailed description of the key rating drivers

Key Rating Weaknesses

Relatively small scale of operation: SMPL is a relatively small player in the iron & steel industry with total operating income of Rs.13.62 crore with a net loss of Rs. 0.02 crore in FY18. Furthermore, total capital employed of the company was at Rs.8.90 crore as on March 31, 2018.

Volatility in prices of trading materials and forex rates: SMPL is engaged in trading of iron and steel related products the prices of which is subject to market fluctuations. Since, cost of traded material is the primary cost driver of SMPL accounting for about 80% of the total cost of sales during FY18 any volatility witnessed in the prices of traded products can narrow the profitability margins. Further, the company does not have any long term agreements with the suppliers and procures goods at market price which is subject to price fluctuation risk. Further around 80% of the total purchase of SMPL are met through import from Singapore, Thailand, Korea, Japan, U.K., Malaysia, thus, exposing SMPL to foreign exchange rate fluctuation risk. SMPL has availed forward contract to cover around 33% of the forex risk and does not

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

have any delineated policy to hedge the residual forex risk and management enters into forward contracts based on market conditions for the same. Further, being net importer of goods, the impact of rupee depreciation can have an impact on SMPL's operational performance.

Stiff competition due to fragmented nature of the industry with presence of many unorganized players: The spectrum of the steel industry in which the company operates is highly fragmented and competitive marked by the presence of numerous players in northern and eastern India. Hence the players in the industry do not have pricing power and are exposed to competition induced pressures on profitability. This apart, SMPL's products being steel related, it is subjected to the risks associated with the industry like cyclicality and price volatility.

Working capital intensive nature of business: SMPL's business, being trading of iron and steel related products is working capital intensive marked by high average inventory period and high collection period. Though, the operating cycle has improved to 201 days during FY18 on the back of improvement in inventory period, the same remains high.

Leveraged capital structure: The overall gearing ratio still remains high at 1.85x as on march 31, 2018. However, the same has improved on the back of repayment of term loan and accretion of profit to reserve.

Key Rating Strengths

Experienced promoter with long track record of operations: Mr. Navin Bansal, Mrs. Navita Bansal and Ms. Preksha Bansal are the directors of SMPL and looks after the overall management of the company. Mr. Navin Bansal having more than two decades of experience in the iron & steel industry and are ably supported by other directors, Mrs. Navita Bansal and Ms. Preksha Bansal along with the team of experienced professional who have rich experience in the same line of business. Further, SMPL commenced commercial operation since July, 1991 and accordingly has a long track record of commercial operations.

Strategic location of the unit: SMPL's unit is located at Kolkata which is in the vicinity of industrial belt of Durgapur and Jamshedpur where the trading materials are available in abundance. The proximity to the trading material sources reduces the transportation cost to the company. Besides, the region has large number of steel manufacturers as well as end users. Hence, the company has a large ready market to sell its products.

Association with Exide Industries Limited: During May 2018, the company has entered into an agreement with a reputed brand namely Exide Industries Limited for leasing out a property of 24,750 sq.ft. in Howrah for warehousing purpose. The lease is for seven years with a lease rental of Rs.0.42 crore per annum.

Analytical approach: Standalone

Applicable Criteria

- Policy in respect of Non-cooperation by issuer
- Criteria on assigning Outlook to Credit Ratings
- CARE's Policy on Default Recognition
- Criteria for Short Term Instruments
- Rating Methodology - Wholesale Trading
- Financial ratios – Non-Financial Sector

About the Company

Shree Raj Metalloys Private Limited (SMPL), incorporated in the year 1991, is a Kolkata (West Bengal) based company, promoted by Mr Navin Bansal, Mrs Navita Bansal and Ms Preksha Bansal. SMPL is engaged in the trading of iron and steel related products like iron and steel scrap, iron and steel waste and H.R. coils at its facility in Kolkata (West Bengal).

Mr. Navin Bansal, having more than two decades of experience in the iron & steel industry, looks after the overall management of the company along with the other directors Mrs Navita Bansal and Ms Preksha Bansal and supported by the team of experienced professionals.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	12.21	13.62
PBILDT	0.67	0.82
PAT	-0.03	-0.02
Overall gearing (times)	2.30	1.85
Interest coverage (times)	1.05	1.13

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable.

Rating History (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	-	-	-	4.96	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information
Non-fund-based - ST-Letter of credit	-	-	-	2.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	4.96	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable on the basis of best available information	-	1)CARE B+; Stable (01-Aug-18)	1)CARE B+; Stable (22-Feb-18) 2)CARE B+; Stable (26-Sep-17)	1)CARE B+ (28-Jul-16)
2.	Non-fund-based - ST-Letter of credit	ST	2.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4 (01-Aug-18)	1)CARE A4 (22-Feb-18) 2)CARE A4 (26-Sep-17)	1)CARE A4 (28-Jul-16)

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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Neosym Industry Limited

July 26, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[4]	Rating Action
Long term Bank Facilities	135.00	**CARE BBB; Stable; ISSUER NOT COOPERATING* (Triple B; Outlook : Stable; ISSUER NOT COOPERATING)**	Issuer not cooperating; Based on best available Information
Short term Bank Facilities	14.00	**CARE A3; ISSUER NOT COOPERATING* (A Three; ISSUER NOT COOPERATING*)**	
Total	**149.00 (Rs. One Hundred and Forty Nine Crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated April 05, 2018 placed the rating(s) of Neosym Industry Limited (NSIL) under the 'issuer non-cooperating' category as NSIL had failed to provide information for monitoring of the rating. NSIL continues to be non-cooperative despite repeated requests for submission of information through a letter dated May 24, 2019 and numerous e-mails (dated: May 27, 2019, June 7, 2019 and July 5, 2019) and phone calls. 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(s).

Detailed description of the key rating drivers

At the time of last rating in February 22, 2017 the following were the rating strengths and rating weakness (updated for the information available from Registrar of Companies)

Key Rating Strengths

Strong parentage and experienced management

Around 1857, Late Mr. Shiv Narain Birla established a trading house in Mumbai. Over the years, Birlas have promoted and established a large number of industrial undertakings manufacturing a diverse range of products. CK Birla Group was established by Mr. B M Birla. Now, the group is run by his grandson Mr. C.K. Birla, son of Mr. G.P. Birla. Neosym Industry Limited is a part of the C.K. Birla group, a reputed Indian industrial group with interests in major industries, such as automobiles and auto components, engineering, consumer electrical, precision bearings, healthcare, education, information technology, paper, cement, etc. Mr. C.K. Birla, as the Chairman of NSIL, is the key decision maker and directly monitors the operations of the company.

Proven track record in downstream metal industry

The company entered into casting business in 1965 by setting up a factory at Thane, Maharashtra. During 2007, NSIL expanded its casting business by setting up another facility at Pune, Maharashtra. The products of the casting division are primarily used in segments as Off the Road (farm and construction equipment) as well as heavy commercial vehicles. John Deere, Daimler India, Carraro India, Tata Cummins and others are the few prominent clientele of NSIL. Subsequently during 2012, the company has installed engine blocks and heads casting facility in Pune, Maharashtra.

Growth in total operating income

The total operating income of the company grew by ~27% to Rs.394.67 crore in FY18 as compared to Rs.293.51 crore in FY17. The PBILDT margin increased to ~8% in FY18 as against 4.92% in FY17.

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[1]*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*

Key Rating Weaknesses

Raw material volatility
The main raw materials used by the company are copper, zinc and ferrous and steel scrap. The prices of these raw materials are volatile in nature and thus susceptibility of any adverse movement is likely to impact the profitability of the company.

Continued net losses
The company continued to report net losses during FY18.

Moderation in Capital Structure
The net worth base of the company deteriorated from Rs.251.79 crore as on March 31, 2017 to ~Rs.245 crore as on March 31, 2018 on account of losses incurred during the year. Moreover, the total debt exposure increased to ~Rs.100 crore as on March 31, 2018 from Rs.95.80 crore as on March 31, 2017. The overall gearing of the company stood at 0.41x as on March 31, 2018.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non- cooperation by issuer
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
Rating Methodology - Manufacturing Companies
Rating Methodology-Auto Ancillary Companies

About the Company
Neosym Industry Ltd [(NSIL,) formerly known as Indian Smelting & Refining Company], part of C.K. Birla Group is in the business of manufacturing Gray iron & Spheroidal Graphite (S.G.) casting mainly used in automotive, agriculture, earthmoving and engineering Industries. NSIL is part of the C.K. Birla group, a reputed Indian industrial group. NSIL has been in the business of rolling non-ferrous metal strips and foils since 1932.

Brief Financials (Rs. crore)*	**FY17 (A)**	**FY18 (A)#**
Total operating income	293.51	394.67
PBILDT	14.45	35.01
PAT(Loss)	(21.61)	(3.68)
Overall gearing (times)	0.38	0.41
Interest coverage (times)	1.63	2.46

*A: Audited, #Source: RoC; *Latest financials are not available*

Status of non-cooperation with previous CRA: None
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	-	-	-	40.00	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of	-	-	-	14.00	CARE A3; ISSUER NOT COOPERATING*

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
credit					Issuer not cooperating; Based on best available information
Non-fund-based - LT-Bank Guarantees	-	-	-	10.00	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Term Loan-Long Term	-	-	September 2022	85.00	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	40.00	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (05-Apr-18)	-	1)CARE BBB+; Stable (07-Mar-17) 2)CARE BBB+ (15-Apr-16)
2.	Non-fund-based - ST-Letter of credit	ST	14.00	CARE A3; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A3; ISSUER NOT COOPERATING* (05-Apr-18)	-	1)CARE A3+ (07-Mar-17) 2)CARE A3+ (15-Apr-16)
3.	Non-fund-based - LT-Bank Guarantees	LT	10.00	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (05-Apr-18)	-	1)CARE BBB+; Stable (07-Mar-17) 2)CARE BBB+ (15-Apr-16)
4.	Term Loan-Long Term	LT	85.00	CARE BBB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (05-Apr-18)	-	1)CARE BBB+; Stable (07-Mar-17) 2)CARE BBB+ (15-Apr-16)

**Issuer did not cooperate; Based on best available information*

***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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VISAKHA DISTILLERIES LLP
JULY 29, 2019

Rating

Facilities	**Amount (Rs. crore)**	**Rating**[5]	**Rating Action**
Long-term Bank Facilities	17.00 (Enhanced from 15.00)	**CARE B+; Stable (Single B Plus; Outlook Stable)**	**Reaffirmed**
Total facilities	**17.00 (Rupees Seventeen Crore only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Visakha Distilleries LLP is tempered by short track record of the firm, risk towards stabilization of operations, highly regulated industry with change in government policies and constitution of entity as a partnership firm with inherent risk of withdrawal of capital. The rating is, however, underpinned by experienced promoters with more than two decades in distillery business, financial closure for the project achieved and positive prospects of distilleries.

Going forward, Ability of the firm to complete the project without any cost and time overrun and ability of the firm to stabilize the operations and generate the revenue and profit levels as envisaged would be key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Weaknesses

Short track record of the firm

The firm was incorporated in November 2014 and started its project activity in May 2017. The firm is in the initial stage of operations and has commenced its operations from March 21, 2019.

Risk towards stabilization of operations

The partners of the firm are setting up unit for blending and bottling of Indian Made Foreign Liquor with total estimated cost of the project is Rs. 28.70 crore which was funded through a bank term loan of Rs. 17 crore and remaining Rs. 11.70 crore from promoter's fund. The commercial operations of the firm commenced its operations from March 21, 2019.

Highly regulated industry with change in government policies

The firm is engaged in manufacturing of alcohol which is highly regulated market, controlled by state government rules and regulations. Further, the prices of key raw material of the firm i.e. ENA is also subjected to price fluctuations which are regulated as per the MSP's (Minimum support prices) and further prices of the final products are affected by increasing amount of excise duty levied by the govt., other policy changes. Such volatility in the product prices impact the profitability margins to a large extent.

Constitution of entity as a partnership firm with inherent risk of withdrawal of capital

With the entity being partnership firm, there is an inherent risk of instances of capital withdrawals by partners resulting in lesser of entity's net worth. The partnership firms are attributed to limited access to funding.

Key Rating Strengths

Experienced promoters with more than two decades in distillery business

Visakha Distilleries LLP is promoted by Mr. N. Srinivas Rao and his relatives. Mr. N. Srinivas Rao is one of the Managing Partner of the firm and has 30 years of experience in the field of trading and maintaining liquor outlets and bars. He is experienced in the IMFL trade which helped him to obtain the license for manufacture of blending and bottling unit. The

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

firm is having experienced personnel from different field. The long experience of promoter in same field may help the firm to build a supply chain.

Financial closure for the project achieved

The total project cost was Rs. 28.70 crore which was funded by promoter's capital (41%) and term loan (59%). The financial closure for the project has been completely achieved by the firm.

Positive demand prospects of distilleries

Extra Neutral Alcohol (ENA) is the key raw material for IMFL (Indian made Foreign Liquor) manufacturers, the IMFL segment, comprising 36% of the Indian alcoholic beverages industry. As India has huge youth population, the demand of alcohol would remain high in the coming years. Pan-India, the undivided AP and Tamil Nadu accounted for the highest share of 21 per cent share in the IMFL space, followed by Karnataka with 18 per cent. These three geographies account for a major 60 per cent of the total IMFL sales in the country. State division has given a fresh boost to the IMFL market, which otherwise has seen marginal growth in the last couple of years, as the scope for market expansion has been created for a variety of reasons. In the present scenario, both AP and Telangana may together bypass Tamil Nadu to become the largest IMFL market in the country.

Analytical Approach: Standalone

Applicable Criteria: Criteria on assigning Outlook to Credit ratings
CARE's Policy on Default Recognition
Rating Methodology-Manufacturing Companies
Financial ratios – Non-Financial Sector

About the firm

Visakhapatnam based, Visakha Distilleries LLP was established on November 2014 as a limited liability partnership firm by Mr. N. Srinivas Rao and his relatives. The firm is engaged in the business of alcohol products, primarily Indian-made foreign liquor (IMFL). The firm runs a blending and bottling unit for liquor products like Blended Whiskey, Vodka, Rum, Brandy and Gin located at Siripuram, Visahkapatnam, Andhra Pradesh with installed capacity of 151.32 lakhs Proof Liters per annum. The firm has commenced its operations from March 21, 2019. A total operating income of Rs. 1.90 crore has been achieved during 3MFY20 (Prov.).

Status of non-cooperation with previous CRA: Not Applicable

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-Term Loan	-	-	Oct 2025	4.70	CARE B+; Stable
Fund-based - LT-Term Loan	-	-	Oct 2025	2.85	CARE B+; Stable
Fund-based - LT-Term Loan	-	-	Oct 2025	6.37	CARE B+; Stable
Fund-based - LT-Cash Credit	-	-	-	1.35	CARE B+; Stable
Fund-based - LT-Term Loan	-	-	Oct 2025	1.73	CARE B+; Stable

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	4.70	CARE B+; Stable	1)CARE B+; Stable (05-Jul-19)	-	-	-
2.	Fund-based - LT-Term Loan	LT	2.85	CARE B+; Stable	1)CARE B+; Stable (05-Jul-19)	-	-	-
3.	Fund-based - LT-Term Loan	LT	6.37	CARE B+; Stable	1)CARE B+; Stable (05-Jul-19)	-	-	-
4.	Fund-based - LT-Cash Credit	LT	1.35	CARE B+; Stable	-	-	-	-
5.	Fund-based - LT-Term Loan	LT	1.73	CARE B+; Stable	-	-	-	-

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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Enn Tee International Limited
July 29, 2019

Rating

Facilities	Amount (Rs. crore)	Ratings[6]	Rating Action
Long-term Bank Facilities	9.91	**CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]**	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	0.10	**CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]**	Issuer not cooperating; Based on best available information
Total	**10.01 (Rupees Ten Crore and One Lakh only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE has been seeking information from **Enn Tee International Limited** to monitor the ratings vide e-mail communications/ letters dated July 18, 2019, July 18, 2019. 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 rating on Enn Tee International Limited's bank facilities will now be denoted as **CARE D; 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 ratings.

Detailed description of the key rating drivers

Key Rating Weakness
Ongoing delays in servicing debt obligation: There are ongoing delays in servicing of its debt obligations in timely manner on account of stretched liquidity position.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Rating Methodology – Manufacturing Companies
Criteria for Short Term Instruments
Financial ratios – Non-Financial Sector

About the Company
Enn Tee International Limited (ETIL), a closely held public limited company was initially incorporated as a private limited company (Enn Tee International Private Limited) in February, 1999. Later on, the constitution was changed in June, 2014. The company started its commercial productions in 2000 and is currently being managed by Mr. Harish Chander. The company is engaged in manufacturing and trading of poly propylene (PP) yarn at its manufacturing facility located at Haridwar, Uttrakhand. Earlier ETIL had its manufacturing facility located in Ludhiana, Punjab which was discontinued in 2005 and shifted to Haridwar in September, 2009.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	34.52	33.18

[1]*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*

PBILDT	1.82	1.16
PAT	-1.09	-1.40
Overall gearing (times)	79.86	NM
Interest coverage (times)	1.01	0.95

Status of non-cooperation with previous CRA: Not Applicable
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-Term Loan	-	-	March, 2023	7.51	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	2.40	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Standby Line of Credit	-	-	-	0.10	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	7.51	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (07-Jun-18)	-	1)CARE B+; ISSUER NOT COOPERATING* (31-Mar-17) 2)CARE B+ (12-Sep-16)
2.	Fund-based - LT-Cash Credit	LT	2.40	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (07-Jun-18)	-	1)CARE B+; ISSUER NOT COOPERATING* (31-Mar-17) 2)CARE B+ (12-Sep-16)
3.	Fund-based - ST-Standby Line of Credit	ST	0.10	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available	-	1)CARE D; ISSUER NOT COOPERATING* (07-Jun-18)	-	1)CARE A4; ISSUER NOT COOPERATING* (31-Mar-17) 2)CARE A4 (12-Sep-16)

				information				

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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Satman Automobiles Private Limited
July 29, 2019

Rating

Facilities/Instruments	Amount (Rs. crore)	Rating[7]	Rating Action
Long Term Bank Facilities	15.00	**CARE B: ISSUER NOT COOPERATING* [Single B: ISSUER NOT COOPERATING]**	Issuer not cooperating; Based on best available information
Total Facilities	**15.00 (Rs. Fifteen crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated July 03, 2018, placed the ratings of Satman Automobiles Private Limited under the 'issuer non-cooperating' category as Satman Automobiles Private Limited had failed to provide information for monitoring of the rating. Satman Automobiles Private Limited continues to be non-cooperative despite repeated requests for submission of information through phone calls and an email dated July 19, 2019, July 18, 2019 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 ratings.

Detailed description of the key rating drivers

At the time of last rating on July 03, 2018 the following were the rating weakness and strengths (Updated for the information available from the Registrar of companies):

Key Rating Weakness

Modest scale of operations with low profitability margin

The total operating income (TOI) of SAP has increased by about 8% during FY15 (refers to the period April 1 to March 31) and stood at Rs.102.70 crore mainly on account of increase in number of vehicles sold. Despite the growth the same continued to remain modest. Furthermore, the company has achieved total operating income of Rs.94 crore till 11MFY16 (refers to the period April 1 to February 29) (as per unaudited results). The profitability margins of the company improved and continue to remain low marked by PBILDT margin in FY15 mainly on account of low value addition and trading nature of business operations. PAT margin stood low in FY15 due to low PBILDT and increased interest expense.

Leveraged capital structure and weak debt service coverage indicator

The capital structure continues to remain leveraged as marked by debt equity and overall gearing 3.78x and 12.40x respectively as on March 31, 2015. This is on account of high reliance on external borrowings, unsecured loans infused by the directors and related parties coupled with low net worth base. Debt coverage indicators as characterized by interest coverage and total debt/gross cash accrual continues to remain weak.

Working capital intensive nature of operations

The operations of the company continue to remain working capital intensive. The operating cycle stood at 66 days for FY15. Though the sales to customers are made on cash basis but around 50-60% of the cars are bought on vehicle financing basis through banks. The working capital borrowings remained fully utilized for the last 12 months ending February 2016. The company also took ad-hocs to meet working capital requirement and the same was repaid in due time.

Pricing constraints and margin pressure arising out of competition from various auto dealers in the market

The margin on products is set at a particular level by Skoda thereby restricting the company to earn incremental income. The market also faces aggressive competition from various other auto dealers of companies like Maruti, Hyundai, Chevrolet, etc.

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[1]*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*

Key Rating Strengths

Experienced management in automobile dealership industry
Ms Meghna Haren Choksey and Mr Konark Nanda and Mr Kunal Ramchandani are the directors of the company. Ms Meghna Choksey has around a decade of experience in the car dealership business (derived through group entities). Mr Kunal Ramchandani has an experience of around 5 years in automobile dealership business through his association with Fahrenheit Automobile Pvt. Ltd. (FAPL).

Analytical approach: Standalone
Applicable Criteria:
Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
CARE's Methodology – Manufacturing sector
Financial ratios – Non-Financial Sector

About the Company
SAP was incorporated in 2012 by Ms Meghna Haren Choksey and Mr Konark Nanda. The company is currently being managed by Ms Meghna Haren Choksey, Mr Konark Nanda and Mr Kunal Ramchandani.
It is engaged in the business of automobile dealership 3S (sales, service and spares). SAP is an authorised dealer of Skoda Auto India Private Limited (SAIPL) vehicles. The company was appointed dealer for sales and service of passenger vehicles for SAIPL in 2012 and commenced operations with single showroom in June 2012. The showroom has attached workshop facility for the post sales services of cars at Okhla, New Delhi.

Status of non-cooperation with previous CRA – Not Applicable
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	-	-	-	15.00	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	15.00	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; ISSUER NOT COOPERATING* (03-Jul-18)	1)CARE B+; ISSUER NOT COOPERATING* (12-Apr-17)	1)CARE B+ (22-Apr-16)

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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