

## BTM Exports Limited

September 21, 2020

### Ratings

Facilities*	Amount (Rs. Crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	40.00	<b>CARE B-; Stable ISSUER NOT COOPERATING* [Single B Minus; ISSUER NOT COOPERATING]</b>	<b>Issuer not cooperating; Revised from CARE B; Stable; Issuer not cooperating; Based on best available information</b>
<b>Total</b>	<b>40.00 (Rupees Forty crore only)</b>		

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated August 21, 2019, continues to place the ratings of BTM Exports Limited under the 'Issuer not cooperating' category as BTM Exports Ltd had failed to provide information for monitoring of the rating as agreed to in its rating agreement. BTM Exports Limited continues to be non-cooperative despite repeated requests for submission of information through phone calls and a letter/email dated Sep 04, 2020. 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).**

In view of the non-availability of the information and lack of management cooperation, CARE has revised the rating for bank facilities of BTM Exports Limited from CARE B; Stable ; ISSUER NOT COOPERATING to CARE B-; Stable; ISSUER NOT COOPERATING. . Thus, the rating revision is based on the best available information. The ratings on BTM's bank facilities will now be denoted as **CARE B-; Stable; ISSUER NOT COOPERATING**.

### Detailed description of the key rating drivers

CARE has not received any information for the review of the ratings. However, at the time of last rating on August 21, 2019 and rating on March 28, 2018 the following were the rating strengths and weaknesses

#### Key Rating Strengths

**Experienced promoters:** BTM, established in 2004, is promoted by Tekriwal brothers with Mr Sanjeev Tekriwal being the company's chairman and managing director. The promoters of the company Mr Sanjeev Kumar Tekriwal, Mr Rajeev Kumar Tekriwal and Mr Anil Tekriwal has experience of more than a decade in the field of both domestic and international trading which has helped the company in establishing itself into the market and scale-up the operations.

**Moderate financial risk profile:** Overall gearing of the company deteriorated 1.10x as on March 31, 2017 (PY: 0.85x) on account of higher working capital outstanding of Rs. 35.33 crore as on March 31, 2017 (PY: Rs.26.27 crore). Furthermore, due to higher debt, the total debt/GCA also deteriorated to 24.57x as on March 31, 2017 (PY: 14.75x). The interest coverage ratio of the company moderated to 1.42x during FY17 (refers to the period April 1 to March 31) (PY: 1.55x) due to increase in interest cost pertaining to higher working capital borrowings.

#### Key Rating Weaknesses

**Short track record in current operations:** The company was initially into trading of vanaspati & edible oil, fabrics etc. However, the same was discontinued on account of negative impact on the business due to change in government policy on the import of vanaspati and edible oil. Since FY12, the company is into trading of rice and iron ore. BTM has diversified by entering into the trading of electronics and healthcare products from FY15.

**Highly fragmented nature of business with low entry barriers resulting in intense competition:** The commodity nature of the traded products makes the industry highly fragmented with numerous players operating with negligible product differentiation. Moreover, there are a large number of small operators who are present only in the small segment of the

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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

entire value chain. Large presence of small players makes the segment highly unorganized which in turn leads to intense competition, thereby, constraining industry pricing power.

**Regulatory risks:** The paddy prices for certain grades of rice are regulated by the government to safeguard the interest of farmers. The farmers bring their produce to their nearby grain markets that are sold under auction. The government has stipulated a Minimum Support Price (MSP) for the purchase of paddy for non-basmati category. Furthermore, the government has scrapped minimum export price (MEP) on basmati rice which may further intensify the stiff competition.

**Analytical approach:** Standalone

#### 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](#)

[Financial ratios - Non-Financial Sector](#)

[Rating Methodology-Wholesale Trading](#)

#### About the Company

BTM was initially incorporated as BTM Exports Private Limited on November 24, 2004 and was later converted to public limited company on August 18, 2008. The company is promoted by Tekriwal brothers with Mr Sanjay Tekriwal being its chairman and managing director. Initially, the company was into trading of Vanaspati, edible oils and fabrics etc, but the same was discontinued by the company in 2011 and it started a new line of business which involves trading of Basmati Rice and Iron ore fines.

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	290.54	303.79
PBILDT	5.31	6.64
PAT	1.40	1.01
Overall gearing (times)	0.85	1.10
Interest coverage (times)	1.55	1.42

A: Audited

**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	-	-	-	40.00	CARE B-; Stable; ISSUER NOT COOPERATING*

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**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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	40.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (21-Aug-19)	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (28-Mar-18) 2)CARE BB+; Stable (25-Apr-17)

\*Issuer not cooperating; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA**

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

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto: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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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**