

## Devarpan Foods Private Limited

December 26, 2019

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>
Long term Bank Facilities	18.19	CARE BBB-(CE); Stable[Triple B Minus (Credit Enhancement)]; Outlook: Stable
<b>Total</b>	<b>18.19</b> (Rs. Eighteen crore and nineteen lakh only)	

Details of instruments/facilities in Annexure-1

The bank facilities of Devarpan Foods Private Limited (DFPL) are backed by letter of comfort (LoC) provided by Kashi Vishwnath Steels Pvt. Ltd (KVSPL, rated CARE BBB; Stable/ CARE A3+)

<b>Unsupported Rating<sup>2</sup></b>	<b>CARE BB (Double B)</b>
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The unsupported ratings assigned to the bank facilities of DFPL do not factor in the credit enhancement in terms of Letter of Comfort. It should not be construed as deterioration in the credit profile of Kashi Vishwanath Steels Private Limited or Devarpan Foods Private Limited.

#### Detailed Rationale & Key Rating Drivers for the credit enhanced debt

The ratings assigned to the bank facilities of DFPL factors in credit enhancement in the form of Letter of Comfort provided by Kashi Vishwanath Steel Private Limited (KVSPL, rated CARE BBB; Stable/ CARE A3+)

#### Detailed Rationale & Key Rating Drivers for LoC Provider- Kashi Vishwanath Steels Private Limited

Detailed Rationale & Key Rating Drivers for LoC provider- Kashi Vishwanath Steels Private Limited is available at [www.careratings.com](http://www.careratings.com)

#### Key Rating Drivers for unsupported rating of Devarpan Foods Private Limited

The unsupported ratings assigned to the bank facilities of DFPL are constrained by small scale of operations with decline in profitability margins in FY19, weak financial risk profile and short track record of the company. The ratings are also constrained by stretched liquidity, concentrated customer base and highly fragmented nature of the industry with many regional players. However, the ratings derive strength from the experience of promoters, moderate operating cycle, and reputed clientele of the company.

#### Analytical Approach: Standalone

#### Applicable Criteria

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

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

[Rating Methodology-Manufacturing Companies](#)

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

[CARE's methodology for Factoring Linkages in Ratings](#)

#### About the LoC provider- Kashi Vishwanath Steels Private Limited

Kashi Vishwanath Steels Private Limited (KVSPL), incorporated in 1985, was promoted by Mr. Mithilesh Kumar Agarwal and is engaged in manufacturing of long steel products such as thermo-mechanically treated (TMT) bars, angles, channels, square, beams, etc. Currently, the company is being headed by his son Mr. Devendra Kumar Agarwal, who is ably supported by his son Mr. Arpan Jindal, Director in KVSPL. KVSPL has a manufacturing plant at Kashipur, Uttarakhand with installed capacity of 1,34,400 metric tonne per annum (MTPA) for melting, 1,02,610 MPTA for rolling and 28,800 MTPA as on March 31, 2019. The company derives majority of revenue from sale of TMT bars and other products.

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

<sup>2</sup>As stipulated vide SEBI circular no SEBI/ HO/ MIRS/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	249.87	393.61
PBILDT	16.37	19.83
PAT	4.47	8.01
Overall gearing (times)	0.57	0.50
Interest coverage (times)	4.99	6.59

A: Audited

**About the company- Devarpan Foods Private Limited:**

Devarpan Foods Private Limited (DFPL), a part of KVS Premier group, is an Uttarakhand based company, promoted by Mr. Devendra Kumar Agarwal & Mr. Arpan Jindal. The company was incorporated on September 10, 2016 and has set up a plant for manufacturing of Potato Chips, Potato namkeen, Sauces, Extruded Salted & Sweets Snacks, other fried & baked snacks etc. It is manufacturing these products under brand name of 'Devarpan'. The manufacturing unit is situated at Narain Nagar Industrial estate, Kashipur- Uttarakhand. It is also selling its products in the outlets of Walmart (Best Price). Apart from manufacturing for its own brand, DFPL is doing contract manufacturing for Guiltfree Industries Ltd (Kolkata- A Goenka Group Company), Rakesh Masala Pvt Ltd (Noida) and Pratap Snacks Limited (Indore).

Brief Financials (Rs. crore)-DFPL	FY18 (A)	FY19 (A)
Total operating income	25.45	37.11
PBILDT	3.12	2.84
PAT	0.05	0.95
Overall gearing (times)	5.65	6.13
Interest coverage (times)	3.86	1.35

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

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	-	-	2024	15.19	CARE BBB- (CE); Stable
Fund-based - LT-Cash Credit	-	-	-	3.00	CARE BBB- (CE); Stable
Un Supported Rating-Un Supported Rating (Long Term)	-	-	-	0.00	CARE BB

**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	15.19	CARE BBB- (CE); Stable	-	1)CARE BBB-(SO); Stable (28-Dec-18)	1)CARE BBB-(SO); Stable (06-Feb-18)	-
2.	Fund-based - LT-Cash Credit	LT	3.00	CARE BBB- (CE); Stable	-	1)CARE BBB-(SO); Stable (28-Dec-18)	1)CARE BBB-(SO); Stable (06-Feb-18)	-

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

**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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