

Excel Enterprise

November 27, 2020

Rating

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Short term Bank Facilities	11.50	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total	11.50 (Rs. Eleven crore and Fifty lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 04, 2019, placed the rating of Excel Enterprise (EEP) under the 'issuer non-cooperating' category as EEP had failed to provide information for monitoring of the rating. EEP continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated October 20, 2020, October 14, 2020, and October 13, 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).

Detailed description of the key rating drivers

At the time of last rating on September 04, 2019 the following were the rating strengths and weaknesses:

Key rating Weaknesses

Constitution of the entity being a proprietorship firm

EE's constitution as a proprietorship firm leads to limited financial flexibility and inherent risk of capital withdrawal at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of proprietor.

Exposure to foreign exchange fluctuation risk

EE, being a 100% Export Oriented Unit (E.O.U), trades yarn to different countries as Latin America, Europe, Egypt, Korea, China, Pakistan, Bangladesh and Singapore etc. The firm enters into forward contracts to hedge ~50% of its exposure, while the remaining 50% remains unhedged thereby exposing the firm to any adverse fluctuations in the foreign currency.

The firm has availed moratorium period of 6 months (from March 2020 to August 2020) for its interest payment on working capital limit offered by RBI in light of Covid-19.

Key Rating Strengths:

Experienced and resourceful promoter and established track record of entity

Mr. Suraj Jyoti has gained a work experience of around two and a half decade, through his association with EE and other local entities engaged in similar line of business. EE has been engaged in the trading business (trading of yarn) for around two decades which has helped it to establish cordial relationship with its suppliers and customers.

Favorable location of servicing facility and diversified product portfolio of firm

Ludhiana is well established hub for manufacturing of textiles. The firm benefits in term of location, owing to easy availability of suppliers (yarn manufacturing industries) based in Punjab. Its presence in the region gives additional advantage over the competitors in terms of easy availability of the goods traded as well as favorable pricing terms.

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](#)

[Liquidity analysis of Non-financial sector entities](#)

¹Complete 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

[Financial ratios –Non-Financial Sector](#)
[CARE’s methodology for trading companies](#)
[Criteria for Short Term Instruments](#)

About the firm

Ludhiana-based (Punjab), Excel Enterprise (EE) was established in 1997 as a proprietorship concern, by Mr Suraj Jyoti. EE is a 100% Export Oriented Unit (E.O.U) engaged in trading of yarn (giza yarn, melange yarn, organic yarn, pima yarn, acrylic yarn, sublime yarn etc.). The firm procures different types of yarn (depending upon the demand of customers located overseas) from industries based in Punjab, Madhya Pradesh (M.P), Maharashtra etc. under the name “Excel” and then exports it to different countries as Latin America, Europe, Egypt, Korea, China, Pakistan, Bangladesh and Singapore. Besides EE, the promoter of the firm is also associated with another group concern namely, Excel Expo Trade Private Limited.

Covenants of rated instrument / facility: Not Applicable

Brief Financials (Rs. crore)	FY14 (A)	FY15 (A)
Total operating income	10.91	16.33
PBILDT	0.37	0.81
PAT	0.15	0.26
Overall gearing (times)	1.25	2.48
Interest coverage (times)	1.85	1.56

A: Audited

Status of non-cooperation with previous CRA: BWR has conducted the review on the basis of best available information and classified Excel Enterprise as “Not Co-operating” vide its press release dated September 18, 2020

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 - ST-Packing Credit in Foreign Currency	-	-	-	3.50	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bills Discounting / Bills Purchasing	-	-	-	8.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; 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 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 - ST-Packing Credit in Foreign Currency	ST	3.50	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (04-Sep-19)	1)CARE A4; ISSUER NOT COOPERATING* (11-Jun-18)	-
2.	Non-fund-based - ST-Bills Discounting / Bills Purchasing	ST	8.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (04-Sep-19)	1)CARE A4; ISSUER NOT COOPERATING* (11-Jun-18)	-

*Issuer did not cooperate; Based on best available information

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

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

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - ST-Packing Credit in Foreign Currency	Simple
2.	Non-fund-based - ST-Bills Discounting / Bills Purchasing	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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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