

Oswal Overseas Limited

September 15, 2020

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	9.95	CARE C; Stable; ISSUER NOT COOPERATING* (Single C; Outlook: Stable ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Long Term / Short Term Bank Facilities	0.78	CARE C; Stable / CARE A4; ISSUER NOT COOPERATING* (Single C ; Outlook: Stable/ A Four ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total Facilities	10.73 (Rs. Ten Crore and Seventy Three Lakhs Only)		

Details of instruments/facilities in Annexure-1
Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated August 22, 2019, placed the rating of **Oswal Overseas Limited (OOL)** under the 'issuer non-cooperating' category as OOL had failed to provide information for monitoring of the rating. OOL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated September 8, 2020 and September 3, 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).

The rating has been reaffirmed on account of non-availability of requisite information and no due-diligence conducted due to non-cooperation by OOL with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the ratings continue to remain constrained by small scale of operation, weak overall financial risk profile and regulated nature of sugar business. The ratings, however, continue to draw comfort from experienced management.

Detailed description of the key rating drivers
Key Rating Weakness
Small scale of operations

The scale of operations of OOL broadly marked by total operating income (TOI) of around Rs. 76.00 crores for the last two financial years i.e.FY18-FY19 (refers to the period April 01 to March 31). Further the company had gross cash accruals of Rs. 2.11 crores in FY19. During 3MFY20 the company has achieved a TOI of around Rs. 50.84 crores and reported net losses resulting into negative GCA (refers to the period April 01 to June 30; based on unaudited results). The modest scale limits the company's financial flexibility in times of stress and deprives it from scale benefits.

Weak overall financial risk profile

PBILDT margin of OOL for FY20 stood at 3.15% as against 3.23% for FY19. PAT margin declined during FY20 to 0.14% as against 1.10% for FY19. Overall gearing stood high at 9.09 times and debt to equity stood at 8.42 times as on March 31, 2020 as against 11.92 times and 10.84 times respectively as on March 31, 2019.

Regulated nature of sugar business

The industry is cyclical by nature and is vulnerable to the government policies for various reasons like its importance in the Wholesale Price Index (WPI) as it classifies as an essential commodity. The government on its part resorts to various regulations like fixing the raw material prices in the form of State Advised Prices (SAP) and Fair & Remunerative Prices (FRP). All these factors impact the cultivation patterns of sugarcane in the country and thus affect the profitability of the sugar companies.

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

Key rating strengths

Experienced Management

OOL is a Public Limited company (closely held) originally incorporated in 1984 by Mr. Paramjeet Singh. He is a graduate by qualification, having an experience of around three decades in various business segments including one and half decades in sugar industry. He is well supported by other directors, Mr. Harihar Nath Sharma, who is also a graduate by qualification and having experience of around two and half decades of experience in accounts and finance including one and half decades in the sugar industry through his association with OOL. Mr. Anoop Kumar Shrivastav is a commerce graduate having an experience of around one decade in IT Management and around 3 years in sugar industry through his association with OOL. Mr. Rajinder Pal Singh is a graduate by qualification and has an experience of around half a decade in the sugar industry through his association with OOL.

Analytical approach: Standalone

Applicable Criteria

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

[Rating Methodology- Short Term Instrument](#)

[Policy in respect of Non-cooperation by issuer](#)

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

[Rating Methodology – Sugar Sector](#)

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

About the Company

Delhi based Oswal Overseas Limited (OOL) (erstwhile ANK Impex Private Limited) is a Public Limited Company incorporated in 1984 as a private Limited company. OOL is engaged in manufacturing of sugar. The manufacturing unit is located in Bareilly, Uttar Pradesh. The company procures sugarcane from the farmers in the area allotted by the Cane Commissioner and sells sugar in bulk to wholesalers/ agents.

Brief Financials (Rs. crore)	FY19(A)	FY20 (A)
Total operating income	79.09	171.73
PBILDT	2.55	5.41
PAT	0.87	0.25
Overall gearing (times)	11.92	9.09
Interest coverage (times)	1.03	0.95

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-Term Loan	-	-	-	4.95	CARE C; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	5.00	CARE C; Stable; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBL	-	-	-	0.78	CARE C; Stable / 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 - LT-Term Loan	LT	4.95	CARE C; Stable; ISSUER NOT COOPERATING*	-	1)CARE C; Stable; ISSUER NOT COOPERATING* (22-Aug-19)	1)CARE B-; Stable (31-Aug-18)	1)CARE B; Stable (14-Jul-17)
2.	Fund-based - LT-Cash Credit	LT	5.00	CARE C; Stable; ISSUER NOT COOPERATING*	-	1)CARE C; Stable; ISSUER NOT COOPERATING* (22-Aug-19)	1)CARE B-; Stable (31-Aug-18)	1)CARE B; Stable (14-Jul-17)
3.	Non-fund-based - ST-Bank Guarantees	-	-	-	-	-	-	1)CARE A4 (14-Jul-17)
4.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	0.78	CARE C; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE C; Stable / CARE A4; ISSUER NOT COOPERATING* (22-Aug-19)	1)CARE B-; Stable / CARE A4 (31-Aug-18)	1)CARE B; Stable (14-Jul-17)

*Issuer did not cooperate; Based on best available information

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

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

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	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.

Contact us

Media Contact

Mradul Mishra

Contact no.: +91-22-6837 4424

Email ID: mradul.mishra@careratings.com

Analyst Contact

Achin Nirvani

Contact no.: +91- 11-4533 3228

Email ID: achin.nirvani@careratings.com

Business Development Contact

Swati Agrawal

Contact no.: +91-11-4533 3200

Email ID: swati.agrawal@careratings.com

About CARE Ratings:

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