

## Richu Mal Bishan Sarup

July 09, 2018

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	5	<b>CARE B; ISSUER NOT COOPERATING* (Single B; ISSUER NOT COOPERATING*)</b>	<b>Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* (Single B Plus; ISSUER NOT COOPERATING*)</b>
<b>Total Facilities</b>	<b>5 (Rupees Five crore only)</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Richu Mal Bishan Sarup to monitor the rating(s) vide e-mail communications/ letters dated June 01, 2018, May 28, 2018, May 15, 2018, etc. and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines CARE's rating on Richu Mal Bishan Sarup's bank facilities will now be denoted as **CARE B; 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 rating(s).**

The rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by Richu Mal Bishan Sarup 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.

### Detailed description of the key rating drivers

*At the time of last rating on March 16, 2017, the following were the rating strengths and weaknesses:*

#### Key Rating Weaknesses

**Fluctuating and small scale of operations coupled with low net worth base:** The scale of operations of the firm has remained small and fluctuating. The total operating income has increased in FY13, however, it declined in FY14 (refers to the period April 1 to March 31), mainly on account of lower quantity sold to local wholesalers. The small scale limits the firm's financial flexibility in times of stress and deprives it from scale benefits.

**Weak financial risk profile:** The overall financial risk profile of the firm was weak marked by thin profitability margins, leveraged overall gearing and weak debt coverage indicators. The profitability margins remained thin for past three financial years i.e. FY12- FY14 marked by PBILDT margin and PAT margin. The capital structure of the firm stood leveraged during past three financial years i.e. FY12-FY14 as marked by overall gearing.

**Working capital-intensive nature of operations:** Operations of the firm are highly working capital intensive marked by high average operating cycle. Being present in a highly competitive business and having low bargaining power with its customers the average credit period allowed by the firm is around 2-3 months.

**Highly competitive industry & low entry barriers:** The trading of food and food product industry is highly fragmented with more than two-third of the total number of players being unorganized. Due to low entry barriers in the industry and low value added nature of products, high competition is the inherent risk associated with the industry.

#### Key Rating Strengths

**Experienced management & long track record of operations of company:** The firm is managed by Mr. Arun Gupta, Mr. Anurag Gupta and Mr. Ashish Gupta who have work experience of around two decades with the firm.

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

\*Issuer did not cooperate

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)  
[CARE's Policy on Default Recognition](#)  
[CARE's rating methodology for wholesale trading companies](#)  
[Financial ratios – Non-Financial Sector](#)

**About the Firm**

Richu Mal Bishan Sarup (RMB) was established in 1961 as a partnership firm by Mr. Richumal and Mr. Bisan Saroop. However, the current active partners are Mr. Arun Gupta, Mr. Ashish Gupta and Mr. Anurag Gupta. The firm is engaged in trading of food and food products such as dry fruits, desi ghee, etc. The firm procures these items mainly from Delhi, Haryana and U.P., whereas it mainly sells its products in Delhi and nearby regions, with selling and distribution activities solely looked after by the partners.

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

**Any other information:** Not Applicable

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

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

**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.

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**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-Bank Overdraft	-	-	-	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating
Fund-based - LT-Bank Overdraft	-	-	-	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating

\*Issuer did not cooperate

**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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Bank Overdraft	LT	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating	-	-	1)CARE B+; ISSUER NOT COOPERATING* (16-Mar-17)	1)CARE B+ (04-Jun-15)
2.	Fund-based - LT-Bank Overdraft	LT	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating	-	-	1)CARE B+; ISSUER NOT COOPERATING* (16-Mar-17)	1)CARE B+ (04-Jun-15)

\*Issuer did not cooperate

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CIN - L67190MH1993PLC071691