

## Richu Mal Bishan Sarup

September 22, 2020

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Bank facilities- Fund- Based- LT-Overdraft	2.50	CARE C; ISSUER NOT COOPERATING*	ISSUER NOT COOPERATING; Revised from CARE B; Issuer Not Cooperating; (Single B; Issuer Not Cooperating) on the basis of best available information
Bank facilities- Fund- Based- LT-Overdraft	2.50	(Single C; ISSUER NOT COOPERATING)	
<b>Total</b>	<b>5.00</b> <b>(Rupees Five crore only)</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated July 17, 2019, has placed the rating(s) of Richu Mal Bishan Sarup (RMBS) under the 'issuer non-cooperating' category as Richu Mal Bishan Sarup had failed to provide information for monitoring of the rating. CARE has been seeking information from the firm to monitor the rating(s) vide e-mail communications/ letters dated July 31, 2020, August 03, 2020, August 05, 2020 and August 07, 2020, August 17, 2020, August 28, 2020, September 11, 2020, September 14, 2020 and numerous phone calls. 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. Further, banker could not be contacted.

The rating on the firm's bank facilities will now be denoted as **CARE C; 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 ratings have 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. Further the rating continues to remain constrained on account of its fluctuating and small scale of operations with low net worth base, weak financial risk profile, working capital intensive nature of business, highly competitive nature of industry and low entry barriers. The ratings, however, continue to take comfort from the experience of partners and long track record of operations.*

### Detailed description of the key rating drivers

*At the time of last rating on July 17, 2019, 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.

<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; Based on best available information

### 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

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.

**Analytical approach:** Standalone

### Applicable Criteria

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

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

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

[Rating Methodology – Manufacturing Companies](#)

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

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

### About the Firm

Uttarakhand-based Proagri Seeds (PAS), partnership firm, was incorporated in 2005 by Mr Baldev Raj Bhusri and Mrs Sonia. The entity is engaged in the processing of certified wheat and paddy seeds in the domestic market. The seed processing unit of the firm is located at U.S. Nagar, Uttarakhand, having a processing and grading capacity of 8 Tonne Per Hour (TPH). After the procurement of germinated foundation seeds from the farmers as its raw material, the firm gets them certified from a seed certifying agency. These certified seeds are graded and then sold majorly to the wholesalers and distributors in Uttar Pradesh and Bihar, Punjab, Haryana and West Bengal. PAS sells the certified seeds under the brand name of 'Proagri Seeds'.  
Key Financial Indicators

Brief Financials (Rs. crore)	Rs. Cr.	
	FY15 (A)	FY16 (A)
Total operating income	10.32	11.31
PBILDT	0.71	0.71
PAT	0.01	0.09
Overall gearing (times)	2.57	1.08
Interest coverage (times)	1.03	1.17

A: Audited

**Status of non-cooperation with previous CRA:** NA

**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-Bank Overdraft	-	-	-	2.50	CARE C; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft	-	-	-	2.50	CARE C; 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-Bank Overdraft	LT	2.50	CARE C; ISSUER NOT COOPERATING*	-	1)CARE B; ISSUER NOT COOPERATING* (17-Jul-19)	1)CARE B; ISSUER NOT COOPERATING* (09-Jul-18)	-
2.	Fund-based - LT-Bank Overdraft	LT	2.50	CARE C; ISSUER NOT COOPERATING*	-	1)CARE B; ISSUER NOT COOPERATING* (17-Jul-19)	1)CARE B; ISSUER NOT COOPERATING* (09-Jul-18)	-

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

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

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

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Bank Overdraft	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.

## Contact us

**Media Contact:**

Name: Mradul Mishra  
Contact no.: +91-22-6837 4424  
Email ID: [mradul.mishra@careratings.com](mailto:mradul.mishra@careratings.com)

**Analyst Contact:**

Name: Achin Nirwani  
Contact no.: +91-11- 45333233  
Email ID: [achin.nirwani@careratings.com](mailto:achin.nirwani@careratings.com)

**Business Development Contact:**

Name: Swati Agrawal  
Contact no. : +91-11-4533 3200  
Email ID: [swati.agrawal@careratings.com](mailto:swati.agrawal@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.

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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)**