

## Sri Laxmi Enterprises

August 11, 2020

### Ratings

| Facilities                 | Amount<br>(Rs. crore)   | Rating <sup>1</sup>  | Rating Action   |
|----------------------------|---|--|---|
| Long-term Bank Facilities  | 9.14  | CARE D;<br>ISSUER NOT COOPERATING*<br>(Single D<br>ISSUER NOT COOPERATING) | Issuer not cooperating;<br>Based on best available<br>information |
| Short-term Bank Facilities | 5.00  | CARE D;<br>ISSUER NOT COOPERATING*<br>(Single D<br>ISSUER NOT COOPERATING) | Issuer not cooperating;<br>Based on best available<br>information |
| <b>Total Facilities</b>    | <b>14.14</b><br><b>(Rupees Fourteen crore<br/>and Fourteen lakh only)</b> |  |   |

*Details of instruments/facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers:

CARE had, vide its press release dated June 24, 2019, placed the rating(s) of Sri Laxmi Enterprises under the 'issuer non-cooperating' category as Sri Laxmi Enterprises had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. Sri Laxmi Enterprises continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated July 24, 2020 & July 28, 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 ratings.***

The revision in the ratings assigned to the bank facilities of Sri Laxmi Enterprises factor in delays in debt servicing.

#### Detailed description of the key rating drivers

*At the time of last rating in last Press Release dated June 24, 2019, the following were the rating strengths and weakness (updated for the information available from Registrar of Companies)*

#### Key Rating Weakness:

**Delays in debt servicing:** There are delays in servicing of debt obligations by Sri Laxmi Enterprises on account of stretched liquidity position of the firm.

#### Key Rating Strength:

**Experienced promoters with long track record:** Sri Laxmi Enterprises (SLE) has been incorporated by Mr Om Prakash Agarwal and his family members in the year 2003. The firm is engaged in cotton ginning and pressing with installed capacity of 750 MT per annum. The firm primarily sources its raw material, Kapas, from local farmers in Telangana and sells its finished product in the states of Telangana, Maharashtra, Madhya Pradesh and Tamil Nadu.

**Analytical approach:** Standalone

#### Applicable criteria

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

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

[Criteria for Short Term Instruments](#)

[CARE's methodology – Cotton Yarn](#)

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

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

### About the Firm

Sri Laxmi Enterprises (SLE) has been incorporated by Mr Om Prakash Agarwal and his family members in the year 2003. The firm is engaged in cotton ginning and pressing with installed capacity of 750 MT per annum. The firm primarily sources its raw material, Kapas, from local farmers in Telangana and sells its finished product in the states of Telangana, Maharashtra, Madhya Pradesh and Tamil Nadu.

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

| Brief Financials (Rs. crore) | FY15 (A) | FY16 (A) |
|------------------------------|----------|----------|
| Total operating income       | 46.81    | 93.12    |
| PBILDT                       | 2.06     | 1.61     |
| PAT                          | 0.27     | 0.35     |
| Overall gearing (times)      | 3.46     | 2.83     |
| Interest coverage (times)    | 1.44     | 1.71     |

*A-Audited*

**Status of non-cooperation with previous CRA:** The ratings assigned to the bank facilities of Sri Laxmi Enterprises have been put on non-cooperation category by CRISIL Ltd vide its press release dated August 07, 2017 on account lack of adequate information to carry out rating surveillance. The company continues to be in the issuer non-cooperation category as per press release dated July 29, 2020.

**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            | -                | -           | June 2017     | 0.14                          | CARE D; ISSUER NOT COOPERATING*<br>Issuer not cooperating; Based on best available information |
| Fund-based - LT-Cash Credit          | -                | -           | -             | 9.00                          | CARE D; ISSUER NOT COOPERATING*<br>Issuer not cooperating; Based on best available information |
| Non-fund-based - ST-Letter of credit | -                | -           | -             | 5.00                          | CARE D; ISSUER NOT COOPERATING*<br>Issuer not cooperating; 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              | 0.14                           | CARE D; ISSUER NOT COOPERATING*<br>Issuer not cooperating;<br>Based on best available information | -   | 1)CARE D; ISSUER NOT COOPERATING* (24-Jun-19) | -   | 1)CARE D; ISSUER NOT COOPERATING* (05-Feb-18)<br>2)CARE D (14-Jul-17) |
| 2.      | Fund-based - LT-Cash Credit            | LT              | 9.00                           | CARE D; ISSUER NOT COOPERATING*<br>Issuer not cooperating;<br>Based on best available information | -   | 1)CARE D; ISSUER NOT COOPERATING* (24-Jun-19) | -   | 1)CARE D; ISSUER NOT COOPERATING* (05-Feb-18)<br>2)CARE D (14-Jul-17) |
| 3.      | Non-fund-based - ST-Letter of credit   | ST              | 5.00                           | CARE D; ISSUER NOT COOPERATING*<br>Issuer not cooperating;<br>Based on best available information | -   | 1)CARE D; ISSUER NOT COOPERATING* (24-Jun-19) | -   | 1)CARE D; ISSUER NOT COOPERATING* (05-Feb-18)<br>2)CARE D (14-Jul-17) |

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-Cash Credit          | Simple           |
| 2.      | Fund-based - LT-Term Loan            | Simple           |
| 3.      | Non-fund-based - ST-Letter of credit | 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.

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### About CARE Ratings:

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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)**