

Tamogna Enterprises Private Limited
 November 27, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	9.00	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
Total Bank Facilities	9.00 (Rs. Nine Crore 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(s) of Tamogna Enterprises Private Limited, TEPL under the 'issuer non-cooperating' category as TEPL had failed to provide information for monitoring of the rating. TEPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an e-mail communications dated from January 31, 2020 to November 06, 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.

Detailed description of the key rating drivers**(Updated for the information available from ROC)**

The rating has been revised by taking into account non-availability of requisite information and no due-diligence conducted due to non-cooperation by Tamogna Enterprises Private Limited, 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. The rating continues to be tempered by moderate capital structure, working capital intensive nature of operations, decrease in total operating income in FY19 and Fragmented industry with intense competition from organized and unorganized players. The ratings however underpinned by Long track record and experience of the promoters for around two decades in mobilizing and servicing financial products and improved profitability margin

Key Rating Weakness**Decline in total operating income in FY19 with Small scale of operations**

The scale of the company small marked by a total operating income Rs.6.38 crore coupled with low net worth Rs.4.44 crore as on March 31, 2019.

The total operating income of the company decreased from Rs.10.39 crore FY18 to Rs.6.38 crore in FY19.

Moderate capital structure

The capital structure of the company remained moderate during the review period. The overall gearing ratio of the company has deteriorated and stood at 1.86x as on March 31, 2019 due to increase in total debt.

Working capital intensive nature of business

The company has a working capital intensive nature of operations due to stretched creditor days increased and stood at 446 days In FY19. However, Collection days decreased and stood at 65 days in FY19.

Fragmented industry with intense competition from organized and unorganized players

TEPL is facing stiff competition from organized and unorganized players in the trading business of Petcoke and iron ore and providing financial services on account of many companies easily enter into the business of trading due to low requirement of funds/equity and many companies are going to recruit their own employees for mobilizing and servicing financial products like Bills discounting, letter of credit in order to reduce their other costs.

Key Rating Strengths**Long track record and experience of the promoters for around two decades in mobilizing and servicing financial products**

The management team of TEPL is led by Mr P Eswar Reddy (Director) and Mr E Venkateswara Rao (Director), who have around two decades of experience in handling financial services. Mr K Praveen Kumar (Director) has 9 years of experience

in managing various business activities. Through their experience in this business, they have established healthy relationship with key customers.

Improved profitability margins during FY19

The profitability margin of the company Improved and stood at 23.36% in FY19 due to decrease in total cost. Further PAT margin of the company improved and stood at 7.30% in FY19.

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](#)

[Financial Ratios-Non-Financial Sector](#)

[Rating Methodology- Service Sector Companies](#)

About the Company

Hyderabad-based Kommineni Fintech Consultants Private Limited was incorporated in the year 1996 and promoted by Mr K Venkata Ramanappa (Late), Mr K Praveen Kumar, Mr P Eswar Reddy and Mr E Venkateswara Rao. Later on, the name of the entity changed to current nomenclature, ie, Tamogna Enterprises Private Limited (TEPL). TEPL is presently engaged in providing services like mobilizing and servicing financial Products like bill discounting, letter of credit and recovery agency services to various private and nationalized banks. TEPL provides consultancy and document handling services through its employees for the entire process of opening, processing and closing of bank guarantees (BGs), letter of credit (LCs) and other bank facilities between its client, client bank, suppliers of its clients and suppliers bank. The company has around 150 to 200 clients. During FY17, the company entered into trading of Petcoke (Petroleum Coke) and Iron Ore.

Brief Financials (Rs. crore)	31-03-2018	31-03-2019
	A	A
Total operating income	10.39	6.38
PBILDT	0.20	1.49
PAT	0.05	0.47
Overall gearing (times)	0.19	1.86
Interest coverage (times)	5.61	67.94

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (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 #	-	-	-	5.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	4.00	CARE B-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on based available information

#During last review we have rated the proposed limits and updated information not available

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	5.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (04-Sep-19)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (11-Sep-18)	1)CARE BB; Stable (15-Jun-17)
2.	Fund-based - LT-Cash Credit	LT	4.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (04-Sep-19)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (11-Sep-18)	1)CARE BB; Stable (15-Jun-17)

*Issuer did not cooperate; based on based available information

Annexure-3: Detailed explanation of covenants of the rated instruments/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

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

Name: Mr. Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact

Name: Ms. P Shanti
Contact no: 040-40102030
Email: p.shanti@careratings.com

Business Development Contact

Name: Mr. Ravi Babu
Contact no: 9989998695
Email ID: ravi.babu@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 the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. 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**