CARE Ratings

Professional Risk Opinion

CARE RATINGS PRESS RELEASE

July 02 2018

Name Of The Company	Instruments	Rating	Amount (Rs.Cr.)
NVR Renew Private Limited	Bank Facilities	CARE A (SO); Stable	92.51
Poly-Mech Components Private Limited	Bank Facilities	CARE B; ISSUER NOT COOPERATING*	10.43
Nutech Engineering Technologies Limited	Bank Facilities	CARE BB-/ CARE A4; ISSUER NOT COOPERATING*	20.50
Enkay Texfab Private Limited	Bank Facilities	CARE BB/ CARE A4; ISSUER NOT COOPERATING* [Revised from CARE BB+;]	8.87
Eskay Silk Industries Private Limited	Bank Facilities	CARE D/ CARE D ISSUER NOT COOPERATING* [Revised from CARE B+;/ CARE A4;]	18.69
Ess Kay Fincorp Ltd.	Bank Facilities	CARE A-; Stable [Revised from CARE BBB+; Stable]	387.22
	Bank Facilities (Tier II)	CARE A-; Stable [Revised from CARE BBB; Stable]	
	Principal Protected-Market Linked Debenture	CARE PP-MLD A-; Stable [Revised from CARE PP-MLD BBB+; Stable]	65
	CP	CARE A2+ [Revised from CARE A3+]	42
	NCD	CARE A-; Stable [Revised from CARE BBB+; Stable]	232.62
	NCD [Tier II]	CARE A-; Stable [Revised from CARE BBB; Stable]	20
Cartel Health Care Private Limited	Bank Facilities	CARE B+; Stable	7
Somnath Flour Mills Private Limited	Bank Facilities	CARE B+; Stable/ CARE A4	10.55
Alok Harsh Rice Mill Private Limited	Bank Facilities	CARE B+; Stable	5.28
SVIIT Software Private Limited	Bank Facilities	CARE D [Revised from CARE BB+ (SO); Stable]	57
Sharan Hospitality Private Limited	Bank Facilities	CARE D [Revised from CARE BB+ (SO); Stable]	74
Pawan Impex Private Limited	Bank Facilities	CARE D [Revised from CARE BB+ (SO); Stable]	185
Unitech International Limited	Bank Facilities	CARE BB/ CARE A4; ISSUER NOT COOPERATING*	35
SMS Limited	Bank Facilities	Withdrawn	---

*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*

Explanatory notes regarding rating symbols of CARE

Symbol	Explanation	Symbol	Symbol	Explanation		*Symbol*	
CARE A1	Superior	CARE AAA	CARE AAA (FD)	Best Quality	High Investment Grade	CCt 1	Very high project execution capability
CARE A2	Strong	CARE AA	CARE AA (FD)	High Quality	-do-	CCt 2	High project execution capability
CARE A3	Adequate	CARE A	CARE A (FD)	Adequate Safety	Investment Grade	CCt 3	Moderate project execution capability
CARE A4	Risk prone	CARE BBB	CARE BBB (FD)	Moderate Safety	-do-	CCt 4	Inadequate project execution capability
CARE D	Default	CARE BB	CARE BB (FD)	Inadequate safety	Speculative Grade	CCt 5	Poor project execution capability
		CARE B	CARE B (FD)	Risk Prone	-do-		
		CARE C	CARE C (FD)	High Risk	Poor Grade		
		CARE D	CARE D(FD)	Default	-do-		

Disclaimer

CAREs 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 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.

NVR Renew Private Limited
June 02, 2018

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Long-term Bank Facilities	92.51	**'CARE A (SO); Stable' [Single A (Structured Obligation); Outlook: Stable]**	Assigned
Total Facilities	**92.51 (Rs. Ninety two crore and fifty one lakhs only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of NVR Renew Private Limited are based on the credit enhancement in the form of unconditional and irrevocable guarantee provided by Narbheram Vishram [NV; rated CARE A; Stable] for the rated bank facilities of NVR Renew Private Limited.

The rating of NV draws strength from the experience of the partners, established group with long track record, access to quality iron-ore with adequate reserves and satisfactory financial risk profile of the firm with comfortable capital structure and debt coverage indicators. The rating also factors in the sale of wind power projects in FY17 (refers to the period April 1 to March 31) and successful commissioning of the solar power projects (45MW) with satisfactory CUF since inception along with long-term off-take agreement in the form of Power Purchase Agreement (PPA). The rating also takes note of the transfer of the solar power assets to AMPL in March 2018.

However, the rating is constrained by NV's constitution as a partnership firm, exposure in group companies and regulatory risk in mining sector. The rating also takes note of the payment of penalty of Rs.236 crore by NV in December 2017 which was imposed on the firm as compensation in lieu of the excess iron ore lifted in Odisha post the year 2000-01.

The rating is sensitive to renewal of mining lease in the future, firm/group's venture into debt laden capex and extent of support to group companies.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced partners and established group with long track record of operations

Atha group is engaged in the business of iron-ore mining for more than six decades. Over the last few years, the group has diversified into coal mining, trading of minerals (iron-ore, coal, coke & others), renewable power generation (wind & solar), manufacturing of sponge iron & calcined petroleum coke and others.

The partners, Mr. K. K. Atha and Mr. D. K. Atha, have over 40 years of experience in mining and trading of iron & steel products.

Access to quality iron-ore mine with adequate reserves

The firm has iron-ore mines of high quality (Haematite ore fines with 62%-65% Fe content and lumps with 65% and above), with approved proven reserves of more than 10 years as per current production run rate. Better percentage of higher-realization lump generation and high grade ore in terms of Fe content fetches premium price. The low moisture content also facilitates lowers transportation costs.

Successful commissioning of the solar power projects and transfer to AMPL

The firm, during FY17 & Q1FY18, had successfully commissioned 3 solar projects for a total project cost of Rs.356 crore financed out of debt of Rs.245 crore and balance out of internal accruals. Further during Q2FY18 the company had purchased an operational solar asset of 10MW in Susner, MP. NV's solar projects registered satisfactory CUF since commercial operation date. The total solar capacity of the firm aggregating to 55 MW was transferred to AMPL in March 2018.

Satisfactory financial risk profile with comfortable debt coverage indicators

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Net sales witnessed a y-o-y increase of ~8% in FY17 mainly due to additional revenue of Rs.16 crore in FY17 from the 35 MW of solar projects commissioned in FY17. Income from mining division however remained stable. This apart, NV operated 38 MW of wind assets (hived off during Dec.2016) which due to favorable weather conditions, has generated revenue of Rs.21.6 crore in FY17 vis-à-vis Rs.14.8 crore in FY16. The firm has recognized profit of Rs.157.8 crore in FY17, from the sale of said wind assets. PBILDT and PAT margins improved to 49.01% & 53.65% in FY17. Despite increase in the debt levels as envisaged, mainly to fund the solar business, the overall gearing ratio, improved and remained comfortable at 0.72 times as on March 31, 2017 vis-à-vis 1.27 times as on March 31, 2016, with accretion of profits to Partner's Capital Account (especially from sale of wind assets in FY17). Interest coverage remained comfortable in FY17.

As per the provisional financials of FY18, NV has posted a PAT of Rs36.3 crore on total operating income of Rs.497.2 crore. PBILDT margins improved significantly in FY18 on the back of better sales realizations for iron ore/fines. Overall gearing stood at 0.21x as on March 31, 2018. The improvement in overall gearing is mainly due to reduction in debt levels post transfer of the solar business to AMPL Cleantech (P) Ltd.

Key Rating Weaknesses

Constitution as a partnership firm

NV's legal status as a partnership firm exposes it to the risk of withdrawal of capital by the partners.

Exposure in group companies

NV had investment of Rs.82.2 crore in Petro Carbon & Chemicals Pvt. Ltd. (PCCPL; CARE BBB-, Stable/A3) and Narbheram Power and Steel Private Limited [NPSPL; Provisional CARE A (SO), Stable/A2+(SO)] as on March 31, 2017 (accounting for ~17% of its Networth as on that date). Further during FY18, the firm has invested Rs.150 crore in AMPL. Additionally, NV has operational linkages with its group companies and has provided corporate guarantee of Rs.436.25 crore (Rs.43.5 crore as on Mar 31, 2017) for the bank facilities availed by NPSPL, PCCPL and AMPL Cleantech (P) Ltd and Rs.92.51 crore being availed by NVR Renew Pvt Ltd.

Regulatory risk with respect to mining

The mining lease for the iron ore mine was granted in 1953 which was renewed on a time to time basis up to FY07. NV had applied for renewal of lease for a period of 20 years up to 2027, in 2007, and had been carrying out mining activities as 'Deemed Extension' of renewal as per Sub-rule 6 of Rule 24A of Mineral Concession Rules, 1960, until mining operations were suspended by the Apex Court in May, 2014. The firm had continued with its mining operations based on the policy of deemed renewal of the mining lease, which is a normal practice in iron ore mining industry. However, due to courts order the entire mining activities were shut down till May 2015; post which the firm had received necessary extension with regard to renewal of mining license for the next 5 years. The credit risk profile however continues to remain susceptible to any changes in the government policy with regard to validity/renewal/ extension of mining lease/ license.

The government has imposed a penalty of Rs.236 crore for recovery of 100% compensation in lieu of the excess iron ore lifted by NV in Odisha post 2000-01. The firm has already paid the said amount in the month of December 2017.

Analytical approach: Credit enhancement in the form of guarantee extended by NV.

Applicable Criteria

CARE's Policy on Default Recognition
Criteria on assigning Outlook to Credit Ratings
Financial ratios – Non-Financial Sector
Rating Methodology- Factoring linkages in Ratings
Criteria for Short Term Instruments

About the Company- NVR Renew Private Limited

NVR Renew Private Limited, belonging to the Atha group of Kolkata, was promoted by Mr. Kishore Kumar Atha and his brother Mr. Dilip Kumar Atha in 2006. NVR was incorporated as a Special Purpose Vehicle (of AMPL Cleantech Private Limited) in December, 2013 for developing and operating a 20MW capacity solar power plant at Chitradurga district, Karnataka. The plant got commissioned on October 16, 2017; however due to local unrest the actual operations commenced only from June, 2018. NVR had entered into a PPA for a period of 25 years with Bangalore Electricity Supply Company Limited for a fixed tariff of Rs.4.89/ Kwh. The plant has been set-up at a total cost of Rs.123.34 crore.

About the Guarantor – NV

NV was formed as a partnership firm in 1953 by the Kolkata-based Atha Group. The firm is the flagship entity of the group. NV is primarily engaged in iron-ore mining in Keonjhar district of Odisha, with annual approved production capacity of 2.2 MTPA. The Fe content of iron-ore fines is in the range of 62-65% and lumps is 65% and above.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	344.7	370.8
PBILDT	107.5	181.7
PAT	60.9	289.8
Overall gearing (times)	1.27	0.72
Interest coverage (times)	6.42	7.11

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

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.*

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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.

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	-	-	March, 2029	92.51	CARE A (SO); Stable

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-Term Loan	LT	92.51	CARE A (SO); Stable	-	-	-	-

Poly-Mech Components Private Limited
July 02, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating[2]	Rating Action
Long term Bank Facilities	**10.43**	**CARE B; ISSUER NOT COOPERATING* (Single B; ISSUER NOT COOPERATING*)**	ISSUER NOT COOPERATING; Based on best available information
Total	**10.43 Rupees Ten crore and Forty Three lakh only**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE has been seeking information from Poly-Mech Components Private Limited (PMCPL) to monitor the rating vide e-mail communications/letters dated April 30, 2018 and May 09, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on PMCPL 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 takes into account small scale of operation and low profit margins, leveraged capital structure and weak debt coverage indicators, stretched working capital cycle, customer concentration risk and operations in highly fragmented auto component and construction hardware parts industry. The rating also takes into account the experienced and qualified promoter with long track record of operations.
Detailed description of the key rating drivers
At the time of last rating on May 8, 2017 the following were the rating strengths and weaknesses (updated for the information available from MCA website).

Key Rating Weaknesses
Modest scale of operations and low profit margins: The scale of operations of the entity remained modest with TOI of Rs.42.97 crore during FY17 (refers to the period April 1 to March 31), thus
limiting the financial flexibility of the company. The profit margins continue to remain low, marked by PBILDT and PAT margin of 5.94% and 0.06% in FY17.
Leveraged capital structure and moderate debt coverage indicators: The capital structure remained leveraged on account of high dependence on working capital borrowings to fund the operations. Further due to low accruals, debt coverage indicators continuous to remained weak.
Working capital intensive nature of operations: The operations remained working capital intensive cycle with amount of funds blocked in inventory and debtors.

Key Rating Strengths
Experienced and qualified promoter with long track record of operations: The promoters of PMCPL are vastly experienced with Mr Manoj Vora [a B.E. (Electronics)] having an experience of more than two decades in auto component industry. He looks after overall management of company.

Analytical approach: Standalone
Applicable Criteria
Policy in respect of Non-cooperation by issuer

[1]*Complete 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*

[Criteria on assigning Outlook to Credit Ratings]
[CARE's Policy on Default Recognition]
[CARE's Methodology for Manufacturing Companies]
[Financial ratios (Non-Financial Sector)]

About the Company

Established in 1982 as a partnership firm, Poly-Mech Components Private Limited (PMCPL) is engaged in the manufacturing of auto components and construction hardware parts at its plant located at Shahapu, Thane. PMCPL manufactures various products (such as hose clamps, circlips, bearing pullers, washers, snap ring, spring steel parts, sheet metal components, steel clamps, pipe clamps, sanitary clamps) which find application in automobiles, construction and engineering sector. The auto components segment contributed around 60% of the total income of PMCPL in FY15 (refers to the period April 01 to March 31).

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	43.63	42.97
PBILDT	2.99	2.55
PAT	0.05	0.03
Overall gearing (times)	3.71	3.70
Interest coverage (times)	1.29	1.27

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
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.*

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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-Cash Credit	-	-	-	10.00	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	-	0.43	CARE B; ISSUER NOT COOPERATING* 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 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-Term Loan	LT	0.43	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; ISSUER NOT COOPERATING* (08-May-17)	1)CARE B (15-Apr-16)	1)CARE B (16-Apr-15)
2.	Fund-based - LT-Cash Credit	LT	10.00	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; ISSUER NOT COOPERATING* (08-May-17)	1)CARE B (15-Apr-16)	1)CARE B (16-Apr-15)
3.	Non-fund-based - ST-BG/LC	ST	-	-	-	-	-	1)Withdrawn (16-Apr-15)

Nutech Engineering Technologies Limited
July 02, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings[3]	Rating Action
Long-term Bank Facilities	15.00	**CARE BB-; ISSUER NOT COOPERATING* (Double B Minus; ISSUER NOT COOPERATING*)**	ISSUER NOT COOPERATING; Based on best available information
Short-term Bank Facilities	5.50	**CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)**	ISSUER NOT COOPERATING; Based on best available information
Total	**20.50 (Rupees Twenty crore and Fifty lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Nutech Engineering Technologies Limited (NETL) to monitor the rating vide e-mail communications/letters dated April 30, 2018, May 9, 2018 and May 28, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Lumens Aircon Private Limited's bank facilities will now be denoted as **CARE BB-/CARE A4; 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 take into account small scale of operation, moderately leveraged capital structure and weak debt coverage indicators, working capital intensive nature of operation and operations in a highly competitive & fragmented industry. The ratings draw support from experienced and resourceful management and well-established relationship with reputed customers and moderate operating profit margin albeit low net profit margin.

Detailed description of the key rating drivers as per the last rating

At the time of last rating on May 08, 2017 the following were the rating strengths and weaknesses (updated for the information available from MCA website).

Key Rating Weaknesses

Small scale of operation: The scale of operations of the entity remained modest with total operating income of Rs.19.81 crore and Rs.17.15 crore in FY17 thus limiting the financial flexibility of the company.

Moderately leverage solvency position and weak coverage indicators: The capital structure remained moderately leveraged owing to high dependence on external borrowings to support the operations. The debt coverage indicators continue to remain weak marked by interest coverage ratio and TDGA of 1.23x and 35.57x for FY17 vis-à-vis 1.15x and 34.38x for FY16. However, interest coverage ratio has slightly improved during FY17 vis-à-vis FY16 owing to higher PBILDT.

Working capital intensive nature of operations: The operations remained working capital intensive cycle with high amount of funds blocked in inventory and debtors resulting in high utilization of working capital limits.

Key Rating Strengths

Experienced management and their financial support in past: Mr Bishambernath Khurana, founder promoter of NETL, has experience of more than 35 years in the field of air handling equipments in particular and engineering industry in general. He is the managing director of the company and manages the day-to-day operations of the company.

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[2]*Complete 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*

Moderate operating profit margin albeit low net profit margin: The operating profit margin continues to remain moderate marked by PBILDT of 21.65% in FY17 vis-à-vis 15.46% in FY16. However, the PAT margins continues to remain low have remained low due to high interest and depreciation cost.

Analytical approach: Standalone
Applicable Criteria
Policy in respect of Non-cooperation by issuer
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
CARE's methodology for manufacturing companies
Financial ratios – Non-Financial Sector

About the Company
Incorporated in 1986, Nutech Engineering Technologies Limited (NETL) is engaged in manufacturing of air conditioning ventilations and exhaust system equipment like air handling units (AHU), centrifugal fans, industrial fans and other. The products of the company are customized as per the requirement of the client and they find applications in various industrial establishments like shopping malls, hotels, hospitals and corporate offices. During FY13 (refers to the period April 01 to March 31), the company also started trading of High volume low speed (HVLS) fans. NETL sources the required key parts viz motor, filters and pulleys for assembling the AHU from various domestic suppliers and the revenue also is predominantly generated from the domestic market.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	25.72	19.81
PBILDT	3.98	4.29
PAT	0.25	0.22*
Overall gearing (times)	1.82	1.83
Interest coverage (times)	1.15	1.23

*Adjustment made for deferred tax asset of Rs.0.08 crore

Status of non-cooperation with previous CRA: Not Applicable
Any other information: Not applicable
Rating History (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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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In case of partnership/proprietary concerns, the rating 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-Cash Credit	-	-	-	9.00	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	-	-	-	3.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	2.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Working capital Term Loan	-	-	-	6.00	CARE BB-; ISSUER NOT COOPERATING* 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 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-Term Loan	LT	-	-	-	-	1)Withdrawn (11-Apr-16)	-
2.	Fund-based - LT-Cash Credit	LT	9.00	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB-; ISSUER NOT COOPERATING* (08-May-17)	1)CARE BB- (11-Apr-16)	-
3.	Non-fund-based - ST-Letter of credit	ST	3.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (08-May-17)	1)CARE A4 (11-Apr-16)	-
4.	Non-fund-based - ST-Bank Guarantees	ST	2.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (08-May-17)	1)CARE A4 (11-Apr-16)	-
5.	Fund-based - LT-Working capital Term Loan	LT	6.00	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB-; ISSUER NOT COOPERATING* (08-May-17)	1)CARE BB- (11-Apr-16)	-

Enkay Texfab Private Limited
July 02, 2018

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings[4]	Rating Action
Long-term Bank Facilities	8.75	**CARE BB; ISSUER NOT COOPERATING* (Double B; ISSUER NOT COOPERATING*)**	**Issuer not cooperating; Revised from CARE BB+; ISSUER NOT COOPERATING* (Double B Plus; ISSUER NOT COOPERATING*) on the basis of best available information**
Short-term Bank Facilities	0.12	**CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)**	**Issuer not cooperating; Based on best available information**
Total	**8.87 (Rupees eight crore and eighty seven lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from ETPL to monitor the rating(s) vide e-mail communications/ letters dated May 02, 2018, May 03, 2018, June 11, 2018 and numerous phone calls. However, despite our repeated requests, Enkay Texfab Private Limited (ETPL) has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines CARE's has reviewed the ratings on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on ETPL's bank facilities will now be denoted as **CARE BB/CARE A4; 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 on account of deterioration in capital structure and debt coverage indicators, elongation in working capital cycle, decline in profit margins, small scale of operations, and working capital intensive nature of operations. The ratings also takes into account susceptibility of margins to volatile raw material prices, customer concentration risk, and project execution risk, along with experienced promoters in the textile business & healthy profitability, albeit decline in the same.

Detailed description of the key rating drivers

Key rating weakness

Small scale of operations: The scale of operations of the company remained small with the total operating income in the range of Rs.11.17 crore - Rs. 24.74 crore and low net worth base thus limiting financial flexibility of the company and depriving it of benefits of economies of scale.

Deterioration in capital structure and debt coverage indicators: The capital structure of the company has deteriorated in FY17 with overall gearing stood leveraged at 1.89x as on March 31, 2017 owing to higher dependence on external borrowings along with low net worth base. Further owing to the same along with the decline in profit margins, debt coverage indicators also deteriorated and remained at moderately weak level.

Working capital intensive nature of operation: The operations of the company remained working capital intensive owing to funds being largely blocked in inventory and debtors and low credit period received from its suppliers, thereby leading to elongation in the working capital cycle.

[1]*Complete 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*

Susceptibility of margins to volatile raw material prices: Prices of raw material i.e. cotton is volatile in nature driven by various factors like, area under cultivation, yield for the year, government regulation and pricing etc. Considering ETPL's historical moderate operating margin, highly fragmented nature of textile industry and limited bargaining power with the customers and suppliers; any adverse volatility in the raw material prices may hamper the company's margins.

Key Rating Strengths

Experience of the promoters in the textile industry and infusion of funds: ETPL is promoted by Mr. Neeraj Kataruka who has around two decades of experience in the textile industry. He is the managing director of the company and manages the entire operations as well as takes strategic decisions for the company. Other promoter viz. Ms. Nimisha Kataruka, wife of Mr. Neeraj Kataruka, also has around 10 years of experience in the textile industry and business administration. The promoters are supported by experienced management team to carry out day to day activities.

Healthy profit margins: The profit margins of the company declined in FY17 but remained healthy in the range of 13.04%-23.43% during last three years ending FY17 (refers to the period April 1 to March 31). Further with increase in interest and depreciation cost, net margins declined marginally at a low level.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
CARE's Methodology for Short-term Instruments
CARE's Methodology for Manufacturing Companies
Financial ratios (Non-Financial Sector)

About the Company

Incorporated in 1998, Enkay Texfab Private Limited (ETPL) is engaged in the business of manufacturing synthetic textile fabrics and undertaking job work for reputed client base viz. Donear Ind. Ltd. and Raymond Ltd.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	19.73	24.74
PBILDT	2.87	3.23
PAT	0.36	0.35
Overall gearing (times)	1.02	1.89
Interest coverage (times)	2.17	1.99

Status of non-cooperation with previous CRA: Nil

Any other information: Not applicable

Rating History (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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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****For detailed Rationale Report and subscription information, please contact us at** 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.

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	-	-	-	2.60	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	3.75	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-BG/LC	-	-	-	0.12	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Term Loan	-	-	-	1.65	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Term Loan	-	-	-	0.75	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; ISSUER NOT COOPERATING* on the basis of best available information

**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 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-Term Loan	LT	2.60	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE BB+; ISSUER NOT COOPERATING* (10-May-17)	-	1)CARE BB+ (17-Feb-16)
2.	Fund-based - LT-Cash Credit	LT	3.75	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE BB+; ISSUER NOT COOPERATING* (10-May-17)	-	1)CARE BB+ (17-Feb-16)
3.	Non-fund-based - ST-BG/LC	ST	0.12	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (10-May-17)	-	1)CARE A4 (17-Feb-16)
4.	Fund-based - LT-Term Loan	LT	1.65	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE BB+; ISSUER NOT COOPERATING* (10-May-17)	-	1)CARE BB+ (17-Feb-16)
5.	Fund-based - LT-Term Loan	LT	0.75	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE BB+; ISSUER NOT COOPERATING* (10-May-17)	-	1)CARE BB+ (17-Feb-16)

**Issuer did not cooperate; Based on best available information*

Eskay Silk Industries Private Limited
July 02, 2018

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[5]	Rating Action
Long term Bank Facilities	16.19	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	**Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* (Single B Plus; ISSUER NOT COOPERATING*) on the basis of best available information**
Short term Bank Facilities	2.50	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	**Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*) on the basis of best available information**
Total	**18.69 (Rs. Eighteen crore and sixty nine lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE has been seeking information from ESIPL to monitor the rating(s) vide e-mail communications/ letters dated May 02, 2018, May 03, 2018, June 11, 2018 and numerous phone calls. However, despite our repeated requests, Eskay Silk Industries Private Limited (ESIPL) has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines CARE's has reviewed the ratings on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on ITIL's bank facilities will now be denoted as **CARE D; 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 on account of ESIPL being in the NPA category, as informed by the banker.

Detailed description of the key rating drivers

Ongoing delays in debt servicing: As per the banker interaction, the account is classified as NPA.

Analytical approach: Standalone

Applicable Criteria
[Policy in respect of Non-cooperation by issuer]
[Criteria on assigning Outlook to Credit Ratings]
[CARE's Policy on Default Recognition]
[CARE's Methodology for Short-term Instruments]
[CARE's Methodology for Manufacturing Companies]

[1]*Complete 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*

Financial ratios (Non-Financial Sector)

About the Company
Eskay Silk Industries Private Limited (ESIPL) was promoted by Shri Motilal Jain and Shri Suresh Kumar Jain in 1984 and later taken over by Agarwal family in 1991. ESIPL was earlier primarily engaged in trading of high quality textile fabrics has now ventured into fabric manufacturing from FY12. The capacity of ESIPL stood at 36.72 lakh pieces per annum as on March 31, 2015.
The company has two other group companies in similar line of business viz. Topman Exports Ltd. ['IND D (suspended)'; rating withdrawn on October 27, 2016] and Topman Fabrics Pvt. Ltd.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	39.11	21.53
PBILDT	2.55	2.71
PAT	-2.62	-1.93
Overall gearing (times)	5.86	13.30
Interest coverage (times)	0.85	0.97

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History (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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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****For detailed Rationale Report and subscription information, please contact us at** 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-Term Loan	-	-	-	3.98	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	9.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-BG/LC	-	-	-	2.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Term Loan	-	-	-	3.21	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information

**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 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-Term Loan	LT	3.98	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B+; ISSUER NOT COOPERATING* (10-May-17)	-	1)CARE BB- (10-Mar-16)
2.	Fund-based - LT-Cash Credit	LT	9.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B+; ISSUER NOT COOPERATING* (10-May-17)	-	1)CARE BB- (10-Mar-16)
3.	Non-fund-based - ST-BG/LC	ST	2.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (10-May-17)	-	1)CARE A4 (10-Mar-16)
4.	Fund-based - LT-Term Loan	LT	3.21	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE B+; ISSUER NOT COOPERATING* (10-May-17)	-	1)CARE BB- (10-Mar-16)

**Issuer did not cooperate; Based on best available information*

Ess Kay Fincorp Ltd.
(erstwhile Ess Kay Fincorp Pvt. Ltd.)
July 02, 2018

Ratings

Facilities/Instruments	**Amount (Rs. crore)**	**Rating[6]**	**Remarks**
Long-term Bank Facilities	367.22	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**
Long-term Facilities (Tier II)	20	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB; Stable (Triple B; Outlook: Stable)**
Total Facilities	**387.22 (Rupees Three Hundred Eighty Seven crore and Twenty Two lakh only)**		
Non-Convertible Debenture issue	10.67	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**
Non-Convertible Debenture issue	9.45	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**
Non-Convertible Debenture issue (unsecured)	20.00	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**
Non-Convertible Debenture issue (Tier II)	20.00	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB; Stable (Triple B; Outlook: Stable)**
Non-Convertible Debenture issue (unsecured)	7.50	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**
Non-Convertible Debenture issue	7.50	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**
Principal Protected- Market Linked Debenture	25.00	**CARE PP-MLD A-; Stable (Principal Protected-Market Linked Debenture Single A Minus; Outlook: Stable)**	**Revised from CARE PP-MLD BBB+; Stable (Principal Protected-Market Linked Debenture Triple B Plus; Outlook: Stable)**
Principal Protected Market Linked Debentures (PP-MLD)	15.00	**CARE PP-MLD A-; Stable (Principal Protected-Market Linked Debenture Single A Minus; Outlook: Stable)**	**Revised from CARE PP-MLD BBB+; Stable (Principal Protected-Market Linked Debenture Triple B Plus; Outlook: Stable)**
Long-term Instruments (NCD Issue)	7.50	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**
Long-term Instruments (NCD Issue)	20.00	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**
Principal Protected Market Linked Debentures (PP-MLD)	25.00	**CARE PP-MLD A-; Stable (Principal Protected-Market Linked Debenture Single A Minus; Outlook: Stable)**	**Revised from CARE PP-MLD BBB+; Stable (Principal Protected-Market Linked Debenture Triple B Plus; Outlook: Stable)**
Long-term Instruments (NCD Issue)	150.00	**CARE A-; Stable (Single A Minus; Outlook: Stable)**	**Revised from CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**
Total Long term Instrument	**317.62 (Rupees Three Hundred Seventeen crore and Sixty Two lakh only)**		
Commercial Paper Issues (Proposed)	**42.00**	**CARE A2+ (A Two Plus)**	**Revised from CARE A3+ (A Three Plus)**

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Total Short term Instruments	**42.00 (Rupees Forty Two crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the ratings of Ess Kay Fincorp Ltd. (Ess Kay) is on account of improvement in loan portfolio with broader resource base in FY18 (refers to the period April 1 to March 31), diversification of business profile over the years, improvement in profitability and asset quality in FY18 and likely equity infusion of around Rs.220 crore by the end of December, 2018 which would result in improvement in overall gearing and capital adequacy. The ratings also continue to factor in the continuous improvement in its scale of operations and reduction in cost of borrowing with improvement in its resource base. The rating also continues to derive strength from long-standing track record of Ess Kay in the CV financing segment with improvement in Management Information System (MIS) as well as improvement in net-worth following equity infusion by PE funds in FY18.

The ratings, however, continue to be constrained by the regional concentration, moderate seasoning of loan portfolio of business, moderate Capital Adequacy Ratio (CAR) and capital structure.

Ess Kay's ability to increase its scale of operations while improving asset quality and profitability and timely equity infusion preferably by the end of December, 2018 while maintaining overall gearing below 5x would be crucial and any delay in the equity infusion or deterioration in overall gearing beyond the mentioned threshold would be key rating sensitivity.

Detailed description of the key rating drivers

Key Rating Strengths

Established track record of operations and recent equity infusion by PE funds with plans of further equity infusion by December 31, 2018

Ess Kay has long track record of over two decades in vehicle financing. Mr. Rajendra Setia, promoter and MD of company has vast experience of more than 20 years in finance sector especially vehicle financing. During FY18, Ess Kay has received equity of Rs.100 crore from private equity investors i.e. Baring Private Equity India AIF, Norwest Venture Partners X Mauritius and Evolvance Coinvest (I). Also, the same investors have bought the shares of PE investor Banyan Growth LLC (Share-holder as on March 31, 2017). Further, the company is in advanced stage of discussion with various PE funds for further equity infusion of Rs.220 crore by end of December, 2018 of which promoters plan to infuse Rs.19 crore. The company is also likely to get benefitted from the nomination of professional representatives of private equity funds on its Board.

Improvement in loan portfolio with broader resource base

Ess Kay's outstanding portfolio on own book has increased significantly by around 76% to Rs.1010.43 crore as on March 31, 2018 compared to Rs.575.18 crore as on March 31, 2017. Also, its assigned portfolio has marginally increased from Rs.249.31 crore as on March 31, 2017 to Rs.271.55 crore as on March 31, 2018. Ess Kay's total outstanding AUM (including assignment business) increased by around 55% to Rs.1281.98 crore as on March 31, 2018 from Rs.824.49 crore as on March 31, 2017. Ess Kay is gradually increasing its resource base and currently enjoys bank facilities from 22 banks having broad resource base. Apart from accessing bank facilities; Ess Kay has loans from 13 financial institutions. The company has also raised funds through issue of PP-MLDs and partly guaranteed Debentures during FY18. Further, the company has envisaged equity infusion of around Rs.220 crore by the end of December, 2018.

Improvement in profitability and asset quality in FY18

With the building up of own-books portfolio as well as reduction in interest expenses, NIM of Ess Kay has gradually improved. Upon reduction in cost of borrowings, its profitability has improved during FY18 marked by NIM (own book) of 8.30% compared to 8.12% during FY17 with reduction in interest expenses/average borrowed funds from 13.33% during FY17 to 11.82% during FY18. Further, ROTA has also improved from 1.94% during FY17 to 2.28% during FY18 due to reduction in cost of borrowings and improvement in operating efficiency. Gross NPA (own book) has improved from 4.22% as on March 31, 2017 (as per 120 days over-dues norm) to 3.37% as on March 31, 2018 (as per 90 days over-dues norm) due to strong collection mechanism. Delinquencies (AUM, 90+ dpd) of Ess Kay have also improved from 4.93% as on March 31, 2017 to 3.29% as on March 31, 2018.

Comfortable liquidity profile

Liquidity position of Ess Kay as on March 31, 2018 has been comfortable with working capital limit utilization remaining comfortable at 45.17% for 12 months ending April, 2018. Also, Ess kay has already raised funds through issue of NCD of Rs.150 crore and PP-MLD of Rs.25 crore in May, 2018.

Key Rating Weaknesses

Geographical and product concentration though diversification over the years

The operations of Ess Kay are majorly spread across Gujarat and Rajasthan in FY18. Ess Kay has started its operations in Maharashtra, Punjab and Madhya Pradesh in FY17 and further in Haryana during FY18. The loan portfolio is mainly concentrated in one state i.e. Rajasthan which alone constituted 76% of total outstanding loan portfolio as on March 31, 2018. Ess Kay has geographically diversified its operations in the recent years with 17%, 4%, 1% and 2% portfolio concentration in Gujarat, Madhya Pradesh, Punjab and Maharashtra as on March 31, 2018. Of late, the company has diversified its product portfolio by entering into mortgage backed SME lending with asset cover. Ess Kay has started lending during FY16 and disbursed around Rs.81.30 crore loans in FY18.

Moderate capital structure and CAR though improved in FY18

On account of equity infusion by PE investors, overall gearing has improved from 7.53 times as on March 31, 2017 to 4.50 times as on March 31, 2018. Also, adjusted gearing (considering retained portion of assigned portfolio as total debt) has improved from 9.73 times as on March 31, 2017 to 5.44 times as on March 31, 2018 mainly due to equity infusion during FY18. Further, CAR has also improved from 17.76% as on March 31, 2017 to 20.46% as on March 31, 2018. Further, Ess Kay has envisaged equity infusion of Rs.220 crore by the end of December, 2018 out of which promoters will infuse around Rs.19 crore and remaining would be from PE investors.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology-Non-banking Financial Companies
Financial Sector Ratios

About the Company

Incorporated in 1994, Ess Kay is a non-deposit taking NBFC operating out of Rajasthan. The company is promoted by Mr Rajendra Setia along with his family members. Ess Kay is operating with 226 branches of which 138 branches are in Rajasthan, 51 branches in Gujarat, 16, 6, 14 & 1 branches in Madhya Pradesh, Punjab, Maharashtra and Haryana respectively as on March 31, 2018. It is primarily engaged in the used vehicle financing including commercial vehicle, multi utility vehicle, car, three-wheeler, SME loans, Tractors etc. Total outstanding own portfolio and assigned portfolio stood at Rs.1010.43 crore and Rs.271.55 crore respectively as on March 31, 2018.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	157.21	227.33
PAT	12.30	21.95
Interest coverage (times)	1.30	1.39
Total Assets*	747.12	1176.77
Net NPA* (%)	3.44	2.59
ROTA* (%)	1.94	2.28

*considering own book portfolio

Status of non-cooperation with previous CRA: None

Any other information: None

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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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-Cash Credit	-	-	-	124.00	CARE A-; Stable
Fund-based - LT-Term Loan	-	-	Feb, 2021	243.22	CARE A-; Stable
Fund-based - LT-Term Loan	-	-	Sept, 2021	20.00	CARE A-; Stable
Debentures-Non Convertible Debentures	September 29, 2016	13.00	Sept 29, 2022	20.00	CARE A-; Stable
Debt-Non-convertible Debenture/Subordinate Debt	January 31, 2017	13.50	Feb 03, 2023	20.00	CARE A-; Stable
Debentures-Non Convertible Debentures	May 28, 2014	14.75	May 30, 2019	10.67	CARE A-; Stable
Debentures-Non Convertible Debentures	December 21, 2015	12.05	May 05, 2019	9.45	CARE A-; Stable
Debentures-Non Convertible Debentures	March 20, 2017	11.50	Sept 20, 2018	7.50	CARE A-; Stable
Debentures-Non Convertible Debentures	March 21, 2017	12.50	Sept 21, 2018	7.50	CARE A-; Stable
Debentures-Market Linked Debentures	July 12, 2017	Market linked	Jan 12, 2021	25.00	CARE PP MLD A-; Stable
Debentures-Market Linked	August 18, 2017	Market	Aug 18, 2020	15.00	CARE PP MLD A-;

Debentures		linked			Stable
Debentures-Non Convertible Debentures	August 16, 2017	11.00	Nov 16, 2018	7.50	CARE A-; Stable
Debentures-Non Convertible Debentures	March 12, 2018	SBI MCLR + 180 bps	Sept 12, 2019	20.00	CARE A-; Stable
Debentures-Market Linked Debentures	May 15, 2018	Market Linked	Nov 12, 2021	25.00	CARE PP MLD A-; Stable
Debentures-Non Convertible Debentures	May 24, 2018	11.23	May 24, 2021	150.00	CARE A-; Stable
Proposed Commercial Paper-Commercial Paper (Standalone)	-	-	-	22.00	CARE A2+
Proposed Commercial Paper-Commercial Paper (Standalone)	-	-	-	20.00	CARE A2+

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-Cash Credit	LT	124.00	CARE A-; Stable	-	1)CARE BBB+; Stable (20-Mar-18) 2)CARE BBB+; Stable (19-Jan-18) 3)CARE BBB+; Stable (06-Nov-17) 4)CARE BBB+; Stable (12-Jul-17) 5)CARE BBB; Stable (04-Apr-17)	1)CARE BBB (19-Apr-16)	-
2.	Fund-based - LT-Term Loan	LT	243.22	CARE A-; Stable	-	1)CARE BBB+; Stable (20-Mar-18) 2)CARE BBB+; Stable (19-Jan-18) 3)CARE BBB+; Stable (06-Nov-17) 4)CARE BBB+; Stable (12-Jul-17) 5)CARE BBB; Stable (04-Apr-17)	1)CARE BBB (19-Apr-16)	-
3.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (04-Apr-17)	1)CARE BBB (19-Apr-16)	-
4.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (06-Nov-17) 2)CARE BBB; Stable (12-Jul-17) 3)CARE BBB-; Stable (04-Apr-17)	1)CARE BBB- (19-Apr-16)	-
5.	Debentures-Non Convertible Debentures	LT	10.67	CARE A-; Stable	-	1)CARE BBB+; Stable (19-Jan-18)	1)CARE BBB	-

						2)CARE BBB+; Stable (06-Nov-17) 3)CARE BBB+; Stable (12-Jul-17) 4)CARE BBB; Stable (04-Apr-17)	(19-Apr-16)	
6.	Debentures-Non Convertible Debentures	LT	9.45	CARE A-; Stable	-	1)CARE BBB+; Stable (19-Jan-18) 2)CARE BBB+; Stable (06-Nov-17) 3)CARE BBB+; Stable (12-Jul-17) 4)CARE BBB; Stable (04-Apr-17)	1)CARE BBB (19-Apr-16)	1)CARE BBB (28-Dec-15) 2)CARE BBB (06-Aug-15)
7.	Fund-based - LT-Term Loan	LT	20.00	CARE A-; Stable	-	1)CARE BBB; Stable (19-Jan-18) 2)CARE BBB; Stable (06-Nov-17) 3)CARE BBB; Stable (12-Jul-17) 4)CARE BBB-; Stable (04-Apr-17)	1)CARE BBB- (19-Apr-16)	1)CARE BBB- (17-Nov-15)
8.	Debentures-Non Convertible Debentures	LT	20.00	CARE A-; Stable	-	1)CARE BBB+; Stable (19-Jan-18) 2)CARE BBB+; Stable (06-Nov-17) 3)CARE BBB+; Stable (12-Jul-17) 4)CARE BBB; Stable (04-Apr-17)	1)CARE BBB (10-Oct-16)	-
9.	Commercial Paper-Commercial Paper (Standalone)	ST	20.00	CARE A2+	-	1)CARE A3+ (19-Jan-18) 2)CARE A3+ (06-Nov-17) 3)CARE A3+ (12-Jul-17) 4)CARE A3+ (04-Apr-17)	1)CARE A3+ (13-Dec-16)	-
10.	Debt-Non-convertible Debenture/Subordinate Debt	LT	20.00	CARE A-; Stable	-	1)CARE BBB; Stable (19-Jan-18) 2)CARE BBB; Stable (06-Nov-17) 3)CARE BBB; Stable (12-Jul-17) 4)CARE BBB-; Stable (04-Apr-17)	1)CARE BBB-; Stable (08-Feb-17)	-
11.	Commercial Paper-Commercial Paper (Standalone)	ST	22.00	CARE A2+	-	1)CARE A3+ (19-Jan-18) 2)CARE A3+ (06-Nov-17) 3)CARE A3+ (12-Jul-17) 4)CARE A3+ (04-Apr-17)	1)CARE A3+ (08-Feb-17)	-
12.	Debentures-Non Convertible Debentures	LT	7.50	CARE A-; Stable	-	1)CARE BBB+; Stable (19-Jan-18) 2)CARE BBB+; Stable (06-Nov-17) 3)CARE BBB+; Stable (12-Jul-17)	-	-

						4)CARE BBB; Stable (04-Apr-17)		
13.	Debentures-Non Convertible Debentures	LT	7.50	CARE A-; Stable	-	1)CARE BBB+; Stable (19-Jan-18) 2)CARE BBB+; Stable (06-Nov-17) 3)CARE BBB+; Stable (12-Jul-17) 4)CARE BBB; Stable (04-Apr-17)	-	-
14.	Debentures-Market Linked Debentures	LT	25.00	CARE PP MLD A-; Stable	-	1)CARE PP-MLD BBB+; Stable (19-Jan-18) 2)CARE PP-MLD BBB+; Stable (06-Nov-17) 3)CARE PP-MLD BBB+; Stable (12-Jul-17)	-	-
15.	Debentures-Market Linked Debentures	LT	15.00	CARE PP MLD A-; Stable	-	1)CARE PP-MLD BBB+; Stable (19-Jan-18) 2)CARE PP-MLD BBB+; Stable (06-Nov-17) 3)CARE PP-MLD BBB+; Stable (11-Aug-17)	-	-
16.	Debentures-Non Convertible Debentures	LT	7.50	CARE A-; Stable	-	1)CARE BBB+; Stable (19-Jan-18) 2)CARE BBB+; Stable (06-Nov-17) 3)CARE BBB+; Stable (11-Aug-17)	-	-
17.	Debentures-Non Convertible Debentures	LT	20.00	CARE A-; Stable	-	1)CARE BBB+; Stable (20-Mar-18)	-	-
18.	Debentures-Market Linked Debentures	LT	25.00	CARE PP MLD A-; Stable	1)CARE PP-MLD BBB+; Stable (16-May-18)	-	-	-
19.	Debentures-Non Convertible Debentures	LT	150.00	CARE A-; Stable	1)CARE BBB+; Stable (25-May-18)	-	-	-

Cartel Health Care Private Limited
July 02, 2018

Rating

Facilities	**Amount (Rs. crore)**	**Rating**[7]	**Rating Action**
Long-term Bank Facilities	7.00	**CARE B+; Stable (Single B Plus; Outlook:Stable)**	**Assigned**
Total Facilities	**7.00 (Rupees Seven crore only)**	-	

Details of facilities in Annexure-1

Detailed Rationale and key rating drivers

The rating assigned to Cartel Health Care Private Limited (CHPL) is constrained by small scale of operations with moderate profit margins, post project stabilization risk, exposure to raw material price volatility risk, leveraged capital structure and moderate debt coverage indicators, working capital intensive nature of operations and intense competition from established players. The rating, however, derives strength from its experienced promoters with satisfactory track record of operations.

Going forward, the ability of the company to increase its scale of operations, improvement in profitability margins and reap the benefits from the newly implemented project as envisaged with efficient management of its working capital shall be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Weaknesses

Small scale of operations with moderate profit margins: The scale of operations of the company was low marked by its total operating income of Rs.9.19 crore (FY17: Rs.5.11 crore) with a PAT of Rs.0.15 crore (FY17: Rs.0.06 crore) in FY18 (provisional) (refers to the period April 1 to March 31). Further, the net worth base and total capital employed were also low at Rs.1.93 crore and Rs.6.19 crore, respectively, as on March 31, 2018. Moreover, the profit margin of the company remained moderate marked by PBILDT margin of 11.82% (FY17: 19.88%) and PAT margin of 1.61% (FY16: 1.11%) in FY18.

Post project stabilization risk: The company has set up another unit for manufacturing of 2ML, 3ML, 5ML, 10ML, 20ML and 50 ML Syringe having an installed capacity of 6 crore pieces per annum with aggregate project cost of Rs.8.19 crore funded through equity contribution of Rs.3.19 crore and Bank term loan of Rs.5.00 crore. CHPL has commenced its trail run from June 01, 2018, however the company is expected to start its commercial operations from July 01, 2018 soon after getting the drug license. Going forward, it is crucial for the company to get the drug license on time as well as to stabilize its operations, achieve revenue and profitability margins as envisaged.

Exposure to raw material price volatility risk: The key raw materials required for manufacturing of various disposable medical products are nonwoven fabrics which constitute major cost of sales. Hence the company remains susceptible to price variation risks.

Moreover, currently the company has set up another unit for manufacturing of 2ML, 3ML, 5ML, 10ML, 20ML and 50 ML Syringe and the key raw materials include polypropylene granules (PP), prices of which are highly volatile, since it is a crude oil derivative. Any variability in prices is difficult to pass on the customers since the products manufactured by the company are commodity products and consumers are highly price sensitive. Thus, any upward movement in the prices of PP has a negative impact on the company's profitability.

Leveraged capital structure and moderate debt coverage indicators: The capital structure of the company remained leveraged marked by overall gearing ratio of 2.21x (2.08x as on March 31, 2017) as on March 31, 2018 as per the provisional financials. Further, the debt coverage indicators remained moderate marked by interest coverage of 2.74x (FY17: 2.64x) and total debt to GCA of 6.80x (FY17: 6.08x) in FY18 as per the provisional financials.

Working capital intensive nature of operations: The company's operations are working capital intensive in nature as reflected in operating cycle of 95 days in FY18 as per the provisional financials (FY17: 107 days), driven by high debtors

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

and inventory period of 63 days, and 51 days, respectively. However, the working capital cycle of the company has been improving on y-o-y basis by minimizing the average collection period and average inventory period.

Intense competition from established players: Though the demand prospects in the healthcare disposable products industry are favorable given the increasing population and government's thrust on improving the healthcare facilities, the company remains exposed to the competitive pressure from other established players. Furthermore, the healthcare industry is fragmented with large number of small and medium scale players. This along with the tender driven nature of the medical equipments supply contracts leads to intense competition and put pressure on the profitability margins of players like CHPL.

Key Rating Strengths

Experienced promoters: Though the company incorporated since 2011, the key promoter, Mr. Ashok Agrawal (aged about 53 years) is having over three decades of long experience in healthcare industry and he loks after the day to day operations of the company. He is also a proprietor of Jaishree Medical Stores which was established in 1985. He is further supported by another director Mr. Siddhant Agrawal (son of Mr. Ashok Agrawal, aged about 27 years), having 4 years of experience with a team of experienced professionals who are also having long experience in the same line of business.

Satisfactory track record of operation: CHPL is into the same line of business since 2011 and accordingly has a satisfactory track record of operations. Due to its satisfactory track record of operations, the promoters have established satisfactory relationship with its clients.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

Rating Methodology-Manufacturing Companies

Financial ratios – Non-Financial Sector

CARE's Policy on Default Recognition

About the Company

Raipur based, CHPL was incorporated on June 17, 2011 and promoted by Mr. Ashok Agrawal and Mr. Siddhant Agrawal. CHPL is an ISO 9001:2008 and CE Certified Company engaged in manufacturing of various disposable medical products such as disposable face mask, caps, shoe cover, surgeon gown, umbilical cord clamp, urine collection bag, surgical gloves, surgical aprons, sterile surgical drape, garbage bags, surgical kits etc. The manufacturing plant of the company is located at Durg district of Chhattisgarh with an installed capacity of 18 crore pieces per annum. The company sells its products under its own brand "Biosafe".

Currently the company has set up another unit for manufacturing of 2ML, 3ML, 5ML, 10ML, 20ML and 50 ML Syringe having an installed capacity of 6 crore pieces per annum with aggregate project cost of Rs.8.19 crore funded through equity contribution of Rs.3.19 crore and Bank term loan of Rs.5.00 crore. CHPL has commenced its trail run from June 01, 2018, however the company is expected to start its commercial operations from July 01, 2018 after getting the drug license. The company will sell its products under its own brand "Biosafe".

Brief Financials (Rs. crore)	FY17 (A)	FY18 (Prov.)
Total operating income	5.11	9.19
PBILDT	1.01	1.09
PAT	0.06	0.15
Overall gearing (times)	2.08	2.21
Interest coverage (times)	2.64	2.74

A: Audited, Prov.: Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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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	-	-	March 2025	5.00	CARE B+; Stable
Fund-based - LT-Cash Credit	-	-	-	2.00	CARE B+; Stable

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-Term Loan	LT	5.00	CARE B+; Stable	-	-	-	-
2.	Fund-based - LT-Cash Credit	LT	2.00	CARE B+; Stable	-	-	-	-

Somnath Flour Mills Private Limited
July 02, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating[8]	Rating Action
Long-term Bank Facility	3.55	**CARE B+; Stable (Single B Plus; Outlook: Stable)**	**Assigned**
Short-term Bank Facility	7.00	**CARE A4 (A Four)**	
Total	**10.55 (Rupees Ten Crore and Fifty Five Lakh Only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Somnath Flour Mills Private Limited are constrained by its small scale of operation with low profitability margins, volatile agro-commodity (flour) prices with linkage to vagaries of the monsoon and regulated nature of the industry, intense competitive nature of the industry with presence of many unorganized players and working capital intensive nature of operation. However, the aforesaid constraints are partially offset by its experienced management & satisfactory track record of operation, satisfactory demand outlook of the products, satisfactory leverage ratios with moderate debt coverage indicators and close proximity to raw material sources.

The ability of the company to grow its scale of operations and improve its profit margins and ability to manage working capital effectively would be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced management & satisfactory track record of operation

Somnath Flour Mills Private Limited started its business from February 2007 and thus has satisfactory track record of operations. Mr. Brij Mohan Agarwal (aged 52 years) and Mr. Gaurav Dalmia (aged 36 years) having around 30 years and 15 years of experience respectively in the flour mill business, looked after the business. The company is further supported by a team of experienced personnel.

Satisfactory demand outlook of the products

Wheat based products, viz. Maida, Suji, flakes and Atta have large consumption across the country in the form of bakery products, cakes, biscuits and different types of food dishes in homes and restaurants. The demand has been driven by the rapidly changing food habits of the average Indian consumer, dictated by the lifestyle changes in the urban and semi-urban regions of the country.

Satisfactory leverage ratios and debt coverage indicators

Capital structure of the company remained satisfactory as marked by long term debt-equity ratio of 0.41x (0.09x as on March 31, 2017) and overall gearing ratio of 1.11x (0.80x as on March 31, 2017) as on March 31, 2018 (Provisional). Moreover, the debt coverage indicators also remained satisfactory as marked by total debt to GCA ratio of 6.80x (5.08x in FY17) in FY18 (Provisional). Interest coverage ratio remained comfortable at 2.59x (2.91 in FY17) in FY18 (Provisional).

Close proximity to raw material sources

SFMPL's unit has close proximity to local grain markets and major raw material procurement destinations. Further, West Bengal and nearby states are one of the major wheat producing area in India. Accordingly, SFMPL has locational advantage in terms of proximity to raw material. This apart, the plant is located in the vicinity of industrial area of West Bengal, having good transportation facilities and other requirements like good supply of power, water etc.

Key Rating Weaknesses

Small scale of operation with low profitability margins

SFMPL is a small player in flour industry with a PAT of Rs.0.31 crore (Rs.0.22 crore in FY17) on total operating income of Rs.31.77 crore (Rs.30.09 crore in FY16) in FY18 (Provisional). Net worth of the company was Rs.5.06 crore as on March 31, 2018. The small size restricts the financial flexibility of the company in terms of stress and deprives it from benefits of economies of scale. Due to its small scale of operations, the absolute profit levels of the company also remained low.

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[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

The profitability margins remained low marked by PBILDT and PAT margins of 4.23% (FY17: 4.30%) and 0.96% (FY17: 0.73%), respectively, in FY18 (Provisional). Furthermore, the company has booked revenue of Rs.4.26 crore in 2MFY18.

Volatile agro-commodity (flour) prices with linkages to vagaries of the monsoon and regulated nature of the industry

SFMPL is primarily engaged in the processing of wheat products under its roller mills. Wheat being an agricultural produce and staple food, its price is subject to intervention by the government. In the past, the prices of wheat have remained volatile mainly on account of the government policies in respect of Minimum Support Price (MSP) & controls on its exports. The MSP of wheat for 2018-19 is Rs.1735/quintal increased from Rs.1625/quintal in 2017-18. Further to be noted, the prices of wheat are also sensitive to seasonality, which is highly dependent on monsoon. Any volatility in the wheat prices will have an adverse impact on the performance of the flour mill.

Intensely competitive nature of the industry with presence of many unorganized players

Flour milling industry is highly fragmented and competitive due to presence of many players operating in this sector owing to its low entry barriers, due to low capital and technological requirements. West Bengal and nearby states are a major wheat growing area with many flour mills operating in the area. High competition restricts the pricing flexibility of the industry participants and has a negative bearing on the profitability.

Working capital intensive nature of operation

Wheat is primarily a Rabi crop in India i.e. its cultivation takes place in winter and the same is traded/ procured by flour millers throughout the year. Hence, the millers are required to carry high levels of raw material inventory in order to mitigate the raw material availability risk, resulting in relatively high inventory period. Further, wheat is mainly sourced on cash payment. Accordingly, the working capital intensity remained high as reflected through average utilization of working capital limits which stood at around 90% in the last twelve months ending May 31, 2018.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments

About the Company

Somnath Flour Mills Private Limited was incorporated in February 2007 with an objective to enter into the flour milling business. The manufacturing unit of the company is located at Bokna Bandha, Ranirhat, Coochbehar, West Bengal. The current installed capacity of the unit is 48600 Metric Tonnes Per Annum (MTPA). The company is procuring raw wheat from the local farmers. Mr. Brij Mohan Agarwal (Director) along with Mr. Gaurav Dalmia (Director), having around 30 years, and 15 years of experiences, respectively, are looking after the day to day operations of the company. The company is further supported by a team of experienced personnel.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (Prov.)
Total operating income	30.09	31.77
PBILDT	1.30	1.34
PAT	0.22	0.31
Overall gearing (times)	0.80	1.11
Interest coverage (times)	2.91	2.59

A: Audited; Prov: Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History (Last three years): Please refer Annexure-2

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.

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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-Cash Credit	-	-	-	3.55	CARE B+; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	7.00	CARE A4

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-Cash Credit	LT	3.55	CARE B+; Stable	-	-	-	-
2.	Non-fund-based - ST-Bank Guarantees	ST	7.00	CARE A4	-	-	-	-

Alok Harsh Rice Mill Private Limited
July 02, 2018

Rating

Facilities	Amount (Rs. crore)	Rating[9]	Rating Action
Long-term Bank Facility	5.28	**CARE B+; Stable (Single B Plus; Outlook: Stable)**	**Assigned**
Total	**5.28 (Rupees Five Crore and Twenty Eight Lakh Only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Alok Harsh Rice Mill Private Limited is constrained by its, small scale of operation with low profitability margins, fragmented and competitive nature of industry, regulated nature of industry and High working capital intensity and exposure to vagaries of nature and leveraged capital structure with weak debt coverage indicators. However, the aforesaid constraints are partially offset by its experienced management, close proximity to raw material sources and stable demand outlook of rice.

The ability of the company to grow its scale of operations and improve its profit margins and ability to manage working capital effectively would be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced management

Mr. Sunil Kumar Keshri (Director) along with Mr. Niraj Kumar (Director), Mrs. Rajkumari Devi (Director), Mrs. Kiran Devi (Director), Mr. Pawan Kumar Keshri (Director), Mr. Dipu Kumar Keshri (Director), Mrs. Nitu Keshri (Director) and Mrs. Premlata Devi (Director) who have around 12 years, 10 years, 10 years, 08 years, 12 years, 08 years, 04 years and 05 years of experiences, respectively, in similar line of business, are looking after the day to day operation of the company.

Close proximity to raw material sources

AHRMPL's plant is located in Arrah District, Bihar which is in close proximity to the paddy growing areas of the state. The entire raw material requirement is met locally from the farmers helping the company to save simultaneously on transportation cost and paddy procurement cost. Further, rice being a staple food grain with India's position as one of the largest producer and consumer, demand prospects for the industry is expected to remain good in near to medium term.

Stable demand outlook of rice

Rice, being one of the primary food articles in India, demand is high throughout the country and with the change in life style and health consciousness; by-products of the same like rice bran oil etc. are in huge demand.

Key Rating Weaknesses

Small scale of operation with low profitability margins

AHRMPL is a relatively small player in the rice milling and processing business having total operating income and PAT of Rs.25.40 crore and Rs.0.16 crore, respectively, in FY18 (provisional). The PBILDT and PAT margins of the company was also low at 5.61% and 0.65% in FY18 (provisional). The total capital employed was also low at around Rs.3.88 crore as on March 31, 2018 (provisional). Small scale of operations with low net worth base limits the credit risk profile of the company in an adverse scenario.

Fragmented and competitive nature of industry

The commodity nature of the product makes the industry highly fragmented, with numerous players operating in the unorganized sector with very less product differentiation. There are several small scale operators which are not into end-to-end processing of rice from paddy, instead they merely complete a small fraction of processing and dispose-off semi-processed rice to other big rice millers for further processing.

Regulated nature of industry

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

The Government of India (GoI) decides a minimum support price (MSP - to be paid to paddy growers) for paddy every year limiting the bargaining power of rice millers over the farmers. The MSP of paddy was increased during the crop year 2017-18 to Rs.1550/quintal from Rs.1470/quintal in crop year 2016-17. Given the market determined prices for finished product vis-à-vis fixed acquisition cost for paddy, the profitability margins are highly volatile. Such a situation does not augur well for the company, especially in times of high paddy cultivation.

High working capital intensity and exposure to vagaries of nature

Rice milling is a working capital intensive business as the rice millers have to stock rice by the end of each season till the next season as the price and quality of paddy is better during the harvesting season. Further, the millers are required to extend a credit period of around 30 days to its customers. Also, paddy cultivation is highly dependent on monsoons, thus exposing the fate of the entities' operation to vagaries of nature. Accordingly, the working capital intensity remains high leading to higher stress on the financial risk profile of the rice milling units. Furthermore, the average utilization of working capital remained at about 65% during the last 12 months ended April 30, 2018.

Leveraged capital structure with weak debt coverage indicators

Capital structure of the company remained leveraged as marked by long term debt equity ratio and overall gearing ratio of 2.48x each, as on March 31, 2018 (provisional). Moreover, the debt coverage indicators also remained weak with total debt to GCA ratio of 7.64x in FY18 (provisional). However, Interest coverage ratio remained satisfactory at 2.35x in FY18 (provisional).

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
CARE's methodology for manufacturing companies

About the Company

Alok Harsh Rice Mill Private Limited was established in May 2010 with an objective to enter into the rice milling and processing business. The manufacturing unit of the company is located at Giddha Industrial Area, Dist: Giddah, Bihar. The current installed capacity of the unit is 225000 quintals per annum. The company is procuring raw paddy from the local farmers and small paddy agents. Mr. Sunil Kumar Keshri (Director) along with Mr. Niraj Kumar (Director), Mrs. Rajkumari Devi (Director), Mrs. Kiran Devi (Director), Mr. Pawan Kumar Keshri (Director), Mr. Dipu Kumar Keshri (Director), Mrs. Nitu Keshri (Director) and Mrs. Premlata Devi (Director) who have around 12 years, 10 years, 10 years, 08 years, 12 years, 08 years, 04 years and 05 years of experiences, respectively, in similar line of business, are looking after the day to day operation of the company.

Brief Financials (Rs. crore)	FY17 (A)	FY18(Prov.)
Total operating income	18.16	25.40
PBILDT	1.30	1.43
PAT	0.02	0.16
Overall gearing (times)	2.62	2.48
Interest coverage (times)	2.11	2.35

A: Audited; Prov: Provisional

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History (Last three years): Please refer Annexure-2

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.

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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	-	-	March 2020	1.28	CARE B+; Stable
Fund-based - LT-Cash Credit	-	-	-	4.00	CARE B+; Stable

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-Term Loan	LT	3.23	Suspended	-	-	-	1)Suspended (14-Jan-16)
2.	Fund-based - LT-Cash Credit	LT	2.75	Suspended	-	-	-	1)Suspended (14-Jan-16)
3.	Fund-based - LT-Term Loan	LT	1.28	CARE B+; Stable	-	-	-	-
4.	Fund-based - LT-Cash Credit	LT	4.00	CARE B+; Stable	-	-	-	-

SVIIT Software Private Limited
July 02, 2018

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[10]**	**Rating Action**
Long-term Bank Facilities (Term Loan- Lease Rental Discounting)@	57.00	**CARE D (Single D)**	**Revised from CARE BB+ (SO); Stable [Double B Plus (Structured Obligation); Outlook: Stable]**
Total Facilities	**57.00 (Rs. Fifty seven crore only)**		

@The rating is based on the credit enhancement in the form of structured payment mechanism which entails operating escrow account and maintenance of Debt Service Reserve Account in the form of Bank Guarantee (Covering two month's principal and interest obligation).
Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
The revision in the rating assigned to the bank facilities of SVIIT Software Private Limited (SSPL) takes into account the ongoing delays in the repayment of debt obligations due to weakening of financial risk profile of key contributors of the tenancies leading to lower collection of lease rentals. Going forward, the company's ability to regularize the debt servicing through improvement in occupancy rate and lease rental realization shall be the key rating sensitivities.

Detailed description of the key rating drivers
Key Rating Weaknesses
Ongoing delays in debt servicing:
The company has delayed in repayment of debt obligations due to liquidity stretch as a result of decline in its overall tenancies with one of the large tenant, Getit Group shutting down its operations.

Single property risk
The company has revenue (lease rentals) accruing from only one property, for debt servicing of Lease rental Discounting (LRD) loan. This exposes the company to revenue concentration risk.

Subdued industry scenario
The real estate market in Delhi-NCR has seen slow-down in the sales in past few quarters. Competitive pricing, increased transparency, speedy approvals process, clear land titles, improved delivery and project execution are expected to support growth of the real estate sector. Further, after the implementation of Real Estate (Regulation & Development) Act (RERA) under which 70% of the amount realized from the real estate project from the buyers, from time to time, shall be deposited in a separate account to cover the cost of construction/development and the land cost and shall be used only for that purpose which has led to shortage of free funds with the developers.

Key Rating Strengths
Well-connected location and strong catchment area
The property "GYS Global" is located at Plot No. 10 and 11, Sector -125, Noida. The location is off Noida-Greater Noida Expressway. The plot size is 3,600 sqm, which has been granted to the Borrower on standard lease agreement for a period of 90 years.

Analytical approach: Standalone
Applicable Criteria
[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)

[1]*Complete definition of the ratings assigned are available at* [www.careratings.com](#) *and other CARE publications*

Financial ratios – Non-Financial Sector
CARE's Methodology for factoring linkages in ratings

About the Company

Incorporated in 2000, SSPL is a wholly-owned subsidiary of GYS Real Estate Private Limited (GREPL), the holding company of the GYS group, and is promoted by Delhi-based Mrs. Shabnam Dhillon and Mr. Yuvraj Narain Gorwaney. Furthermore, the promoters of Fortis/Religare group have close ties with the Dhillon family. SSPL owns and manages a commercial building "GYS Global" at Sector 125, Noida, with total leasable area of 1.10 lakh square feet. The property has been leased out to Finserve Shared Services Limited (FSSL), Dataflow Services (India) Private Limited, Times Internet Limited and Skymet Weather Services Private Limited for varying lease period of 11 months to 5 years and lock-in period ranging from 11 months to 3 years.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	10.91	10.73
PBILDT	6.91	7.53
PAT	-3.13	-2.27
Overall gearing (times)	-1.74	-1.69
Interest coverage (times)	0.93	1.02

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

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.*

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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	-	-	Apr-2029	57.00	CARE D

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-Term Loan	LT	57.00	CARE D	-	1)CARE BB+ (SO); Stable (28-Feb-18) 2)CARE BB+ (SO); Stable (11-Aug-17)	1)CARE BBB (SO); Stable (09-Jan-17) 2)CARE BBB (SO) (12-Sep-16)	1)CARE BBB (SO) (31-Jul-15)

Sharan Hospitality Private Limited
July 02, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities (Term Loan- Lease Rental Discounting)@	74.00	**CARE D (Single D)**	**Revised from CARE BB+ (SO); Stable [Double B Plus (Structured Obligation); Outlook: Stable]**
Total Facilities	**74.00 (Rs. Seventy four crore only)**		

@The rating is based on the credit enhancement in the form of structured payment mechanism which entails operating escrow account and maintenance of Debt Service Reserve Account in the form of Bank Guarantee (Covering two month's principal and interest obligation).
Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
The revision in the rating assigned to the bank facilities of Sharan Hospitality Private Limited (SHPL) takes into account the ongoing delays in the repayment of debt obligations due to weakening of financial risk profile of key contributors of the tenancies leading to lower collection of lease rentals. Going forward, the company's ability to regularize the debt servicing through improvement in occupancy rate and lease rental realization shall be the key rating sensitivities.

Detailed description of the key rating drivers
Key Rating Weaknesses
Ongoing delays in debt servicing
The company has delayed in repayment of debt obligations due to liquidity stretch as a result of decline in its overall tenancies with some of the large tenants not renewing their tenancies and moving out after the expiry of their lease period.

Single property risk
The company has revenue (lease rentals) accruing from only one property, for debt servicing of Lease rental Discounting (LRD) loan. This exposes the company to revenue concentration risk.

Subdued industry scenario
The real estate market in Mumbai has seen slow-down in the sales in past few quarters. Competitive pricing, increased transparency, speedy approvals process, clear land titles, improved delivery and project execution are expected to support growth of the real estate sector. Further, after the implementation of Real Estate (Regulation & Development) Act (RERA) under which 70% of the amount realized from the real estate project from the buyers, from time to time, shall be deposited in a separate account to cover the cost of construction/development and the land cost and shall be used only for that purpose which has led to shortage of free funds with the developers.

Key Rating Strengths
Well-connected location and strong catchment area
The property "GYS Infinity" is strategically located at Plot No. 19-20, Subhash Road, Vile Parle (E), Mumbai, on land admeasuring 2651.20 sqm with 0.80 lsf of leasable area. The property is surrounded by high-end commercial and residential buildings, very near to the Western Express Highway in Vile Parle (East).

Analytical approach: Standalone
Applicable Criteria
Criteria on assigning Outlook to Credit Ratings

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
CARE's Methodology for factoring linkages in ratings

About the Company
Incorporated in 2002, SHPL is a wholly-owned subsidiary of Triple Ess Realtors Private Limited (TERPL), the holding company of the GYS group, and is promoted by Delhi-based Mrs. Shabnam Dhillon and Mr. Yuvraj Narain Gorwaney. Furthermore, the promoters of Fortis/Religare group have close ties with the Dhillon family. SHPL owns and manages a commercial building "GYS Infinity" at Vile Parle (East), Mumbai with total leasable area of 0.80 lakh square feet. The property is currently leased out to Viacom 18 Media Private Limited, Religare Support Services Limited (RSSL), Religare Finvest Limited (RFL) and Finserve Shared Services Limited (FSSL) for varying lease periods of 5-8 years and lock-in period ranging from 24 months to 5 year.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	12.13	12.88
PBILDT	10.06	10.17
PAT	-6.86	-6.53
Overall gearing (times)	-3.77	-3.20
Interest coverage (times)	0.79	0.80

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

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.*

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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-Term Loan	-	-	Feb-2031	74.00	CARE D

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-Term Loan	LT	74.00	CARE D	-	1)CARE BB+ (SO); Stable (28-Feb-18) 2)CARE BB+ (SO); Stable (11-Aug-17)	1)CARE BBB (SO); Stable (09-Jan-17) 2)CARE BBB (SO) (12-Sep-16)	1)CARE BBB (SO) (31-Jul-15)

Pawan Impex Private Limited
July 02, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating[1][2]	Rating Action
Long-term Bank Facilities (Term Loan- Lease Rental Discounting)@	185.00	**CARE D (Single D)**	**Revised from CARE BB+ (SO); Stable [Double B Plus (Structured Obligation); Outlook: Stable]**
Total Facilities	**185.00 (Rs. One hundred eighty five crore only)**		

@The rating is based on the credit enhancement in the form of structured payment mechanism which entails operating escrow account and maintenance of Debt Service Reserve Account in the form of Bank Guarantee (Covering two month's principal and interest obligation).
Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
The revision in the rating assigned to the bank facilities of Pawan Impex Private Limited takes into account the ongoing delays in the repayment of debt obligations due to weakening of financial risk profile of key contributors of the tenancies leading to lower collection of lease rentals. Going forward, the company's ability to regularize the debt servicing through improvement in occupancy rate and lease rental realization shall be the key rating sensitivities.

Detailed description of the key rating drivers
Key Rating Weaknesses
Ongoing delays in debt servicing
The company has delayed in repayment of debt obligations due to liquidity stretch as a result of decline in its overall tenancies with some of the large tenants not renewing their tenancies and moving out after the expiry of their lease period.

Single property risk
The company has revenue (lease rentals) accruing from only one property, for debt servicing of Lease rental Discounting (LRD) loan. This exposes the company to revenue concentration risk.

Subdued industry scenario
The real estate market in Delhi-NCR has seen slow-down in the sales in past few quarters. Competitive pricing, increased transparency, speedy approvals process, clear land titles, improved delivery and project execution are expected to support growth of the real estate sector. Further, after the implementation of Real Estate (Regulation & Development) Act (RERA) under which 70% of the amount realized from the real estate project from the buyers, from time to time, shall be deposited in a separate account to cover the cost of construction/development and the land cost and shall be used only for that purpose which has led to shortage of free funds with the developers.

Key Rating Strengths
Well-connected location and strong catchment area
The property "GYS Global" is located at Plot No. A-3-5, Sector -125, Noida. The location is off Noida-Greater Noida Expressway. The plot size is 12000 sqm, which has been granted to the Borrower on standard lease agreement for a period of 90 years starting January-2005.

Analytical approach: Standalone

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Applicable Criteria
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
CARE's Methodology for factoring linkages in ratings

About the Company
Incorporated in 2002, PIPL is a wholly-owned subsidiary of GYS Real Estate Private Limited (GREPL), the holding company of the GYS group, and is promoted by Delhi-based Mrs. Shabnam Dhillon and Mr. Yuvraj Narain Gorwaney. Furthermore, the promoters of Fortis/Religare group have close ties with the Dhillon family. PIPL owns and manages a commercial building "GYS Global" at Sector 125, Noida, with total leasable area of 3.57 lakh square feet. The property is currently leased out to Religare Enterprises Limited (REL), Religare Finvest Limited (RFL), Religare Securities Limited (RSL), Eli Research, Vatika Group, Finserve Shared Service Limited (FSSL), Monotype Solutions and Rategain IT Solutions for varying lease period of 11 months to 5 years and lock-in period ranging from 11 month to 3 year.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	43.16	43.65
PBILDT	33.96	35.58
PAT	5.56	8.11
Overall gearing (times)	-5.42	-7.20
Interest coverage (times)	1.56	1.63

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

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.*

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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	-	-	Apr-2029	185.00	CARE D

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-Term Loan	LT	185.00	CARE D	-	1)CARE BB+ (SO); Stable (28-Feb-18) 2)CARE BB+ (SO); Stable (11-Aug-17)	1)CARE BBB (SO); Stable (09-Jan-17) 2)CARE BBB (SO) (12-Sep-16)	1)CARE BBB (SO) (31-Jul-15)

Unitech International Limited
July 02, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating[13]	Rating Action
Long-term Bank Facilities	12.00	**CARE BB; ISSUER NOT COOPERATING* (Double B; ISSUER NOT COOPERATING*)**	Issuer Not Cooperating; Based on best available information
Short-term Bank Facilities	23.00	**CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)**	Issuer Not Cooperating; Based on best available information
Total Facilities	**35.00 (Rupees Thirty Five Crore Only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Unitech International Limited (UIL) to monitor the rating vide e-mail communications/letters dated June 22, 2018, June 25, 2018 , June 28, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Unitech International Limited's bank facilities will now be denoted as **CARE BB; stable/CARE A4; 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 take into account modest scale of operation, low profitability margins, working capital intensive nature of operations, foreign exchange fluctuation risk, exposure to raw material price volatility and presence in highly fragmented and competitive industry leading to fluctuation in raw material prices. These factors far offset the benefits derived from experienced management and established track record of operation and location advantage.

Detailed description of the key rating drivers

At the time of last rating on Sept 08, 2017 the following were the rating strengths and weaknesses (updated for the information available from BSE website).

Key Rating Weaknesses

Modest scale of operation: The total operating income stood modest owing to slight decline in revenues from sale of engineering polymers, co-polymers, compound polymer and ferrous and non-ferrous metals, which declined from Rs.136.07 crore in FY17 to Rs.131.65 crore in FY18 on account of fluctuations in number of orders received.

Declining profitability margins: Further, due to decline in the scale of operations, the PBILDT margin slightly deteriorated during FY18 and stood at 1.34% (vis-à-vis 1.43% in FY17) owing to increase in other expenses. Further, profitability margins stood lower at 0.19% in FY18 (vis-à-vis 0.32%) on account of increase in interest cost and depreciation cost.

Moderate capital structure and weak debt coverage indicators : The capital structure of UIL deteriorated in FY18 but remained moderate at 1.91 times in FY18 (vis-à-vis 0.71 times in FY17) on account of decrease in networth base due to subordination of unsecured loans is not considered during last two years. The debt coverage indicators stood weak during FY18 (Prov), where in interest coverage stood at 1.35 times in FY18 (Prov) (3.25 times in FY17) on account of increase in interest cost and total debt to GCA stood at 20.06 times in FY18 (vis-à-vis 10.75 times in FY17)

Susceptibility of operating margins to the fluctuation in raw material prices: Raw material costs has always been a major contributor to total operating cost constituting around 98% in FY18 owing to trading nature of operations. The

[1]*Complete 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*

company is exposed to the raw material price volatility risk due to volatility experienced in the prices of various plastic products and ferrous and non-ferrous metal. Being a small player in the market the company is not able to pass on the increase in input cost to its customers at a large extent. Hence any adverse movement in the raw material prices can affect the profit margins of the company.

Highly fragmented and competitive nature of the industry: The spectrum of plastic products and steel industry in which the company operates is highly fragmented and competitive marked by the presence of numerous players in India. The trading of plastic products and ferrous and non-ferrous metals industry is highly fragmented and competitive with more than two-third of the total number of players being unorganized. Hence, the players in the industry do not have any pricing power and are exposed to competition induced pressures on profitability. Also, 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 and established track record of operation: The management of the company is vested in the hand of Mr Dhruv R Desai, Director who has more than 12 years of experience in trading business and looks after the day-to-day operations of the company along operations and marketing department of the company. He is supported by Mr Joseph Kuriakose Mathoor, Director, having more than 14 years of experience in present line of business and looks after administration and Operations department of the company. Furthermore, the promoters have established a strong relationship with its customers and suppliers, leading to easy availability of raw materials, and receive repeated orders from strong customer base.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
CARE's methodology for manufacturing companies
Financial ratios – Non-Financial Sector

About the Company

Unitech International Limited (UIL) was incorporated as a public limited company in 1994 under the name of Unitech Polypackaging Limited by Mr. Dhruv R Desai, Mr. Joseph Kuriakose Mathoor, Mrs. Kirti Kantilal Mehta, Pankajbhai Harilal Valia, Joseph Kuriakose Mathoor, Grace Jose Mathoor and Thomas Joseph. UIL is engaged in trading of engineering polymers, co- polymers, compound polymer and ferrous and non-ferrous metals (contributed around 30% to total operating income during FY15) (raw material used for making alloy steel products). UIL sells its products in domestic market mainly to auto parts manufacturing companies, surgical equipment manufacturing companies, etc and procures raw material from domestic market. UIL is listed on BSE stock exchange and 52 weeks high stood at Rs.12 and 52 weeks low stood at Rs.4.61.

Brief Financials (Rs. crore)	FY17 (Audited)	FY18 (Audited)
Total operating income	136.07	131.65
PBILDT	1.95	1.76
PAT	0.43	0.25
Overall gearing (times)	0.71	1.91
Interest coverage (times)	3.25	1.35

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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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.

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-Cash Credit	-	-	-	3.00	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	-	-	-	11.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Proposed fund based limits	-	-	-	4.50	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Proposed fund based limits	-	-	-	4.50	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Proposed non fund based limits	-	-	-	12.00	CARE A4; ISSUER NOT COOPERATING* 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 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-Cash Credit	LT	3.00	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; ISSUER NOT COOPERATING* (11-Sep-17)	1)CARE BB (23-Sep-16)	-
2.	Non-fund-based - ST-Letter of credit	ST	11.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (11-Sep-17)	1)CARE A4 (23-Sep-16)	-
3.	Fund-based - LT-Proposed fund based limits	LT	4.50	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; ISSUER NOT COOPERATING* (11-Sep-17)	1)CARE BB (23-Sep-16)	-
4.	Fund-based - LT-Proposed fund based limits	LT	4.50	CARE BB; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; ISSUER NOT COOPERATING* (11-Sep-17)	1)CARE BB (23-Sep-16)	-
5.	Non-fund-based - ST-Proposed non fund based limits	ST	12.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (11-Sep-17)	1)CARE A4 (23-Sep-16)	-

SMS Limited
July 02, 2018

Ratings

Facilities	**Amount (Rs. crore)**	**Rating**[1]	**Rating Action**
Long term Bank Facilities – Cash Credit	-	-	Withdrawn
Long-term/Short-term Bank Facilities – Fund based-SLOC	-	-	Withdrawn
Long-term/Short-term Bank Facilities – Non- Fund based	-	-	Withdrawn
Total	-		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
CARE has withdrawn the outstanding ratings of 'CARE BBB+; Stable/CARE A3+; Issuer Not Cooperating' [Triple B Plus; Outlook: Stable/ A Three Plus; Issuer Not Cooperating] assigned to the bank facilities of SMS Limited with immediate effect. The above action has been taken at the request of SMS Limited and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CARE.
Analytical approach: Not Applicable

Applicable Criteria
Policy on Withdrawal of ratings

About the Company
SMSL was established in the year 1963 by late Mr Shaktikumar Sancheti as a proprietary concern for executing general civil contracts. SMSL is currently being managed by Mr Abhay Sancheti, brother of Mr Shaktikumar Sancheti and sons of Mr Shaktikumar Sancheti- Mr Ajay Sancheti and Mr Anand Sancheti. The company undertakes projects via EPC route and has diversified into wide range of activities such as mining, irrigation, road and bridges construction, operating and maintenance of roads, waste management, airports, toll management, electrical works and railways. With effect from January 11, 2016, the company has changed its name from 'SMS Infrastructure Limited' to 'SMS Limited'.

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

About CARE Ratings:

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Annexure-1: Details of 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-Cash Credit	-	-	-	-	Withdrawn
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	Withdrawn
Fund-based - LT/ ST-Stand by Line of Credit	-	-	-	-	Withdrawn

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-Cash Credit	LT	-	-	1)CARE BBB+; Stable; ISSUER NOT COOPERATING* (06-Apr-18)	-	1)CARE A-; Positive (17-Feb-17)	1)CARE A- (15-Mar-16) 2)CARE BBB+ (22-Jan-16) 3)CARE BBB (16-Apr-15)
2.	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	1)CARE BBB+; Stable / CARE A3+; ISSUER NOT COOPERATING* (06-Apr-18)	-	1)CARE A-; Positive / CARE A2 (17-Feb-17)	1)CARE A- / CARE A2 (15-Mar-16) 2)CARE BBB+ / CARE A3+ (22-Jan-16) 3)CARE BBB / CARE A3 (16-Apr-15)
3.	Fund-based - LT/ ST-Stand by Line of Credit	LT/ST	-	-	1)CARE BBB+; Stable / CARE A3+; ISSUER NOT COOPERATING* (06-Apr-18)	-	1)CARE A-; Positive / CARE A2 (17-Feb-17)	1)CARE A- / CARE A2 (15-Mar-16) 2)CARE BBB+ / CARE A3+ (22-Jan-16) 3)CARE BBB / CARE A3 (16-Apr-15)