CARE RATINGS PRESS RELEASE

December 12, 2018

Name Of The Company	Instruments	Rating	Amount (Rs.Cr.)
Delhi Public School Ghaziabad Society	Bank Facilities	CARE BBB+; Stable [Revised from CARE BBB; Stable]	54.85
Ridhi Sidhi Housing Private Limited	Bank Facilities	CARE BB+; Stable/CARE A4+	13.05
Fusion Microfinance Private Ltd	Bank Facilities NCD Subordinated Debt NCD	CARE A-; Stable CARE A-; Stable CARE A-; Stable [Revised from CARE BBB+; Positive] CARE PP-MLD A-; Stable [Revised from CARE PP-MLD BBB+; Positive]	900 30 30 25
JU Agri Sciences Private Limited	Bank Facilities	CARE BBB+; Stable/ CARE A3+ [Reaffirmed]	115
SMC IM+ Realty Fund (SMC & IM Capitals Investment Manager LLP)	SMC IM+ Reality Fund	Withdrawn	---
DPS Contractors Private Limited	Bank Facilities	CARE BB; Positive /CARE A4+	14
Mahindra and Mahindra Financial Services Limited	NCD	CARE AAA; Stable	1000
Patels Airtemp (India) Limited	Bank Facilities	CARE BBB+; Stable / CARE A2+ [Reaffirmed]	122
UTI Mutual Fund	UTI Overnight Fund	CARE AAAmfs	---
Tightwell Fastners	Bank Facilities	CARE BB; Stable	8.46
Shree Cement Limited	Bank Facilities CP NCD	CARE AAA; Stable/ CARE A1+ CARE A1+ [Reaffirmed] Withdrawn	1900 300 ---
Siddharth Oils	Bank Facilities	CARE B+; ISSUER NOT COOPERATING*	6
Knitcraft Apparels International Private Limited	Bank Facilities	CARE BB+; Stable/ CARE A4+	35
Vitrag Foam Private Limited	Bank Facilities	CARE BB-; / CARE A4; ISSUER NOT COOPERATING*	13.53
Datamatics Business Solution Limited	Bank Facilities	Withdrawn	---

Provisional rating

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.**

Delhi Public School Ghaziabad Society
December 12, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	54.85 (reduced from Rs.63.00 crore)	**CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**	**Revised from CARE BBB; Stable (Triple B; Outlook: Stable)**
Total Facilities	**54.85 (Rs. Fifty four crore and eighty five lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facility of Delhi Public School Ghaziabad Society (DPSGS) takes into account the experience of the promoters and management, long established track record of operations, improved operational performance with rise in the total operating income, comfortable capital structure with improvement in overall gearing and interest coverage ratio and comfortable liquidity position. However, the rating strengths are partially offset by the financial support extended to group entity in the past, increasing competition in K-12 segment and inherent regulatory risk associated with the education industry.

Going forward, the ability of the society to improve its scale of operations as well maintain its surplus margins and capital structure remains the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters and management team

DPSGS was promoted by Mr Om Pathak and his two sons. Mr Om Pathak is post graduate in Economics from Punjab University, Chandigarh and has been a member of Indian Administrative Services (IAS). Apart, from being the founder and chairperson of DPSGS, Mr Pathak is also the founder and chairman of The Gurukul Trust which runs a school viz. SelaQui International School (SIS) in Dehradun. His elder son, Mr Anshul Pathak is the Vice Chairman and Treasurer of the society is a management graduate and has been looking after the finance and accounts function of the society and his younger son, Mr Rohit Pathak has done his masters in technology and is looking after the HR and administration functions of the society. They are further supported by a team of experienced and qualified professionals having considerable experience in the education sector.

Long track record of operations

DPSGS has been operating schools for more than three decades with establishment of its first school DPS Ghaziabad in the academic year 1980-1981. Over the years, DPSGS has expanded its scale of operations by establishing 6 schools over a period of 38 years. The student strength in AY18-19 has moderated with 10,288 students being enrolled (PY: 11,300 students). The fall in the student strength has been due to the rift amongst the parents and management of DPSG Palam Vihar; however, the issue has been resolved by the end of FY18.

Improved operational performance

The total operating income has increased from Rs. 121.72 cr in FY17 to Rs. 146.60 cr in FY18 due to increase in the student strength from 7,268 students in AY16-17 to 11,300 students in AY17-18. The student strength has increased due to take over of two schools by the DPSGS management in FY18 namely, DPSG Sushant Lok and DPSG Palam Vihar. The profitability margins have remained stable with SBID margin at 30.22% (PY: 28.69%) and Surplus margin at 20.04% (PY: 20.47%) in FY18. Further, the GCA has improved from Rs. 29.29 cr in FY17 to Rs. 38.24 cr in FY18.

Comfortable capital structure

The capital structure of the society is comfortable with overall gearing at 0.57x (PY: 0.90x) as on March 31, 2018. The improvement is due to repayment of the existing term loans and accumulation of surplus generated in FY18. The interest coverage ratio has also improved with 7.22x (PY: 5.06x) due to slight improvement in the SBID margin and reduction in the interest expenses due to repayment of the existing term loans.

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

Moreover, due to repayment of term loan and stable surplus margins, TDGCA has improved from 2.35x in FY17 to 1.57x in FY18.

Comfortable liquidity position
The society has an un-availed OD facility of Rs. 5 cr which is kept in times of cashflow mismatches but due to efficient mechanism, the society has not used the facility in the last 12 months ending Nov'18. Moreover, the current ratio as on March 31, 2018, stands at 1.14x due to presence of FDs of Rs. 40.13 cr.
As on Nov 21, 2018, the society has FDs of ~Rs. 60 cr, thereby, signifying comfortable liquidity position.

Key Rating Weaknesses
Financial support being extended to other group entity in the past
As a part of the charitable objective, DPSGS had been granting donations till FY16 to its group entity namely, The Gurukul Trust (TGT) which is operating schools in Dehradun, thereby, affecting the surplus margins of DPSGS.
However, there have been no donations to TGT in FY17, FY18 & H1FY19 and the society does not anticipate providing any financial support to TGT going forward, which will help it in generating stable surplus margin.

Increasing competition from other schools in the K-12 education segment
DPSGS is expected to face stiff competition from other established and upcoming schools in the nearby area. Although, DPSGS has been able to distinguish it from other schools as reflected by continuous growth in student enrolments and increase its presence in the education segment by establishing new schools over the years; however, with the emergence of other schools in the vicinity remain a concern. Moreover, the ability of DPSGS to increase the number of students going forward would depend on its ability to continuously offer quality education along with unique learning experience.

Inherent regulatory risk in the education sector
The regulatory authorities for the schools (CBSE and other State Boards) function under the supervision of Ministry of Human Resource Development, Government of India. As such, K-12 education segment is exposed to the inherent regulatory risk in the education sector.

Analytical approach:
Standalone

Applicable Criteria
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology- Education Sector
Financial ratios – Non-Financial Sector

About the Society
Delhi Public School Ghaziabad Society (DPSGS) was founded in July 1980 with the Registrar of Society, Uttar Pradesh. The society is promoted by Mr. Om Pathak who is a post graduate in Economics from Punjab University, Chandigarh and has been a member of Indian Administrative Services (IAS). The society commenced its operations by opening up its first school in Ghaziabad, U.P. in 1980. There are no any linkages between DPS society and DPSG Society; both are separately managed by autonomous bodies. DPSGS is currently operating around 6 schools with 10,288 students in AY18-19.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	121.72	146.60
PBILDT	34.92	44.30
PAT	24.92	29.37
Overall gearing (times)	0.90	0.57
Interest coverage (times)	5.06	7.22

A: Audited
Status of non-cooperation with previous CRA: NA
Any other information: NA
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	-	-	2023	54.85	CARE BBB+; 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	54.85	CARE BBB+; Stable	-	1)CARE BBB; Stable (21-Feb-18) 2)CARE BBB; Stable (12-Jan-18)	-	-

Ridhi Sidhi Housing Private Limited
December 12, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	5.05	**CARE BB+; Stable (Double B Plus; Outlook: Stable)**	Assigned
Long-term /Short-term Bank Facilities	8.00	**CARE BB+; Stable/CARE A4+ (Double B Plus; Outlook: Stable/A Four Plus)**	Assigned
Total Facilities	**13.05 (Rupees Thirteen crore and five lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers
The ratings assigned to the bank facilities of Ridhi Sidhi Housing Private Limited (RSHPL) are constrained on account of inherent risk associated with contractual business where business is obtained through bidding process and its linkages to the cyclical infrastructure and real estate business. The ratings are further constrained on account of working capital intensive nature of its operations.
The ratings, however, derive comfort from the experience of its promoters and proven track record in managing diversified business activities related to royalty collection, commercial tax collection and toll tax collection contracts and moderate quantum of contracts in hand providing medium term revenue visibility.
RSHPL's ability to bag new contracts and renew existing contracts on expiry in a competitive scenario and realization of the envisaged collections from its existing contracts would be the key rating sensitivities

Detailed description of the key rating drivers

Key Rating Weaknesses
Inherent risk associated with contractual business: RSHPL operates in the industry where the income of the entity is primarily dependent on the renewal of old contracts as well as awarding of fresh contracts and any shortfall in the collection of contractual amount mentioned in the contract have to be borne by RSHPL. Majority of the contracts are of two years tenure and would be re-awarded through bidding process. Thus, the turnover of the company is highly dependent upon the renewal of the existing contract as well as successful bid for new contracts.

Business indirectly related to infrastructure and real estate business: RSHPL's major portion of income would be generated through royalty collection contracts. Under this segment, revenues are largely generated by collection of royalty from masonry and sand stone as well as granite. These products are used mainly for infrastructure and real estate activities, thus any decline in real estate or infrastructure projects in Rajasthan region may negatively impact revenues of the company. Moreover RSHPL has to pay fixed obligation on every contract to awarding authority irrespective of the lower collection of royalty which exposes company to short term liquidity mismatches.

Working capital intensive nature of operations: Operations of RSHPL are working capital intensive in nature as it is required to advance certain amount of contract value to regulator as deposit. Further, it also pays installments on advance basis in case of royalty collection contracts which results in higher working capital requirements. Average Utilisation of Fund-based limits of the company stood at 77% during past 7 months ended October 2018. Further, the company had cash and bank balance of Rs.1.41 crore as on March 31, 2018.

Key rating strengths
Promoters' experience in the contract based business: Mr Meghraj Singh Shekhawat, key promoter, has more than 15 years of experience in executing government contracts for road toll and royalty collection. Furthermore, the management is having good project execution capability marked by track record of excess royalty collection and toll collection contracts. Further, Mr Virendra Singh Bhati, director, has around 15 years of experience in field of mining and royalty collection and looks after overall management of the

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

company. He is ably assisted by other directors Mr. Yogesh Kumar Sharma and Mr Abhimanyu Singh Panwar with experience of 8 years and 3 years respectively.

Moderate quantum of contracts in hand: RSHPL has 3 contracts in hand worth Rs.52.10 crore as on October 01, 2018 reflecting medium term revenue visibility. All the contracts are operational and have tenure upto March, 2020. As per the provisional results of H1FY19, the company has reported TOI of Rs.31.12 crore with PBILDT and PAT margin of 9.69% and 4.95% respectively.

Analytical approach: Standalone. The company belongs to MRS group and benefits in terms of long experience of its promoters in sand excavation, toll collection and royalty collection activities through other group concerns.

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition

CARE's methodology for services companies
Rating Methodology: Factoring Linkages in Ratings
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments

About the Company

Jaipur (Rajasthan) based Ridhi Sidhi Housing Private Limited (RSHPL) was incorporated in October, 1999 by Mr. Meghraj Singh Shekhawat along with his family members. The company received royalty collection contracts in March, 2018 and it commenced operations thereafter in April, 2018.

RSHPL is a part of the Meghraj Singh Shekhawat (MRS) Group. MRS group has varied interests ranging from hospitality, sand excavation, toll collection and royalty collection through its group concerns which include Shiva Corporation India Limited (rated CARE BBB-; Stable/CARE A3), Shiv Puja Construction Private Limited (rated CARE BBB+; Stable/CARE A2), Golden Triangle Fort and Palace Private Limited, Rajasthan Fort and Palace Private Limited (rated CARE BB; Stable/CARE A4), Kuberkamna Marbles Pvt Ltd (KMPL; rated CARE BB+; Stable/CARE A4+) and Gorbandh Marbles Private Limited.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	-*	-*
PBILDT	-*	-*
PAT	-*	-*
Overall gearing (times)	-*	-*
Interest coverage (times)	-*	-*

*A: Audited; * the company commenced operations in April, 2018.*

Status of non-cooperation with previous CRA: None
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-Bank Overdraft	-	-	-	5.05	CARE BB+; Stable
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	8.00	CARE BB+; Stable / 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-Bank Overdraft	LT	5.05	CARE BB+; Stable	-	-	-	-
2.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	8.00	CARE BB+; Stable / CARE A4+	-	-	-	-

Fusion Microfinance Private Ltd

December 12, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	900	CARE A-; Stable (Single A Minus; Outlook: Stable)	Revised from CARE BBB+; Positive (Triple B Plus; Outlook: Positive)
Total Facilities	**900 (Rs. Nine hundred crore only)**		
Non Convertible Debentures	10 (Rs. Ten crore only)	CARE A-; Stable (Single A Minus; Outlook: Stable)	Revised from CARE BBB+; Positive (Triple B Plus; Outlook: Positive)
Non Convertible Debentures	20 (Rs. Twenty crore only)	CARE A-; Stable (Single A Minus; Outlook: Stable)	Revised from CARE BBB+; Positive (Triple B Plus; Outlook: Positive)
Subordinated Debt	30 (Rs. Thirty crore only)	CARE A-; Stable (Single A Minus; Outlook: Stable)	Revised from CARE BBB+; Positive (Triple B Plus; Outlook: Positive)
Non-Convertible Debentures	25 (Rs. Twenty Five crore only)	CARE PP-MLD A-; Stable (Principal Protected Market Linked Debenture Single A Minus; Outlook: Stable)	Revised from CARE PP-MLD BBB+; Positive (Principal Protected Market Linked Debenture Triple B Plus; Outlook: Positive)

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to instruments/bank facilities of Fusion Microfinance Pvt Ltd (FMPL) has been revised on account of significant infusion of equity capital in FMPL of Rs.300 crore in December, 2018. FMPL has raised the equity capital from Honey Rose Investment Limited (a Mauritius based subsidiary of a PE Fund managed by Warburg Pincus) which has significantly improved the capital structure of FMPL; providing the necessary capital for the growth of the business over the next 1-2 years. As a result of this infusion, FMPL's tangible net worth of Rs.273 crore as on September 30, 2018 will increase by Rs.300 crore.

The ratings assigned to FMPL continues to derive strength from experienced promoters and management team, established track record of operations, company's demonstrated ability to raise equity capital, and diversified resource base and comfortable liquidity position. The ratings also take into consideration scaling up of loan book during FY18 and H1FY19 (AUM of Rs.2,050 crore as on Sept-18), improvement in asset quality with Nil NNPAs as on Sept-18 following improvement in collections and substantial provisioning/write-offs done in FY18 and more than 99% collections from loan book originated post demonetization and consequently profitable operations during H1FY19 with FMPL reporting PAT of Rs.34 crore following net loss of Rs.39 crore during FY18. The ratings also factor in the satisfactory risk management and Management Information Systems (MIS) in place and geographically diversified loan book of FMPL.

The ratings are however constrained by the pressure on profitability in FY18 though restored in H1FY19 and inherent risk involved in the microfinance industry including unsecured lending, marginal profile of borrowers and socio-political intervention risk and regulatory uncertainty.

Going forward, the ability of FMPL to maintain good asset quality profile, geographically diversify and increase scale of operations, maintain consistent profitability, comfortable capital structure and gearing levels are the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters and management team

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

FMPL is promoted by Mr. Devesh Sachdev, a first generation entrepreneur. He is the CEO of the company and has over 20 years of industry experience (with companies like CitiBank, BSA, etc.) with exposure to various sectors, viz., private banking, telecom, etc. The FMPL board consists of one promoter director, three independent directors and five nominee directors representing investors. The second line of management consists of experienced professionals with rich experience in financial services and microfinance sector.

Significant equity infusion from a major PE Fund

FMPL has a diversified investor base and has been able to secure equity infusion from time to time. The company has managed to raise additional capital of Rs.300 crore from a new investor viz. Honey Rose Investment Limited (a Mauritius based subsidiary of a PE Fund managed by Warburg Pincus) in December 2018. Post the equity infusion, the tangible net-worth of the company has increased to nearly Rs.595 crore (as against Rs.273 crore as on Sept-18), thereby providing the necessary capital for the growth of the business over the next 1-2 years.

This has also significantly improved the capital structure of FMPL (adjusted gearing reduced to around 4 times post equity infusion as against 7.9x as on Sept-18); Honey Rose Investment Limited is now the largest shareholder with 43.56% in FMPL as on December 5, 2018 having infused fresh capital in FMPL and acquired shares of other investors viz. NMI Frontier Fund, RIF North II and SIDBI. Creation Investments is the second largest shareholder with 31.12% stake in the company having acquired the stake of Belgian Investment Company (BIO). The promoters hold 7.6% stake in FMPL as on date. Total value of the equity transaction was Rs.519 crore including Rs.300 crore being primary transaction and balance being secondary transaction.

Restoration in asset quality post demonetization

FMPL has been able to maintain asset quality at a comfortable level over the years owing to rigorous supervision by operations team & follow up audits by Internal Audit Department. However, there had been impact on collection efficiency of the company post demonetization announced on November 8, 2016. Consequently, PAR>30 days and PAR>90 days increased to 22.07% and 11.58% respectively as on March 31, 2017 rising from GNPA and NNPA of less than 1% uptil December 31, 2016.

Subsequently, the company witnessed some improvement in its collection efficiency profile and also cleaned up its books through substantial provisioning/write-offs of Rs.88 crore in FY18. Consequently, the asset quality of FMPL has been restored with FMPL reporting GNPA and NNPA of 1.45% and Nil as on Sept-18. The collection efficiency for loans disbursed post demonetization have been good at more than 99% with PAR 1 being 0.77% as on Sept 30, 2018

Growth in loan book and profitable operations in H1FY19

FMPL had reported losses during FY18 due to impact of large provisioning/write-offs of Rs.88 during FY18 (Rs.31 cr during FY17) due to impact on asset quality, moderation in income and increase in operational costs post demonetization. However, with much of the credit cost being absorbed by FMPL in FY18, FMPL's profitability improved substantially in H1FY19 with no incremental provisioning/write-off on overdue loans. Also, AUM of FMPL has grown substantially during FY18 (88% growth) and further by 32% in H1FY19 to Rs.2050 crore as on Sept-18, translating into increased income and rationalization of operating expenses. Consequently, FMPL has reported Net Profit of Rs.34 crore on total income of Rs.224 crore during H1FY19.

Diversified resource base

FMPL has a diversified resource base. Major source of external funding for FMPL has been term loans from banks and financial institutions (FIs), constituting nearly 69% of its borrowings as on Sept-18. Amongst the banks, it has a good mix of both private sector and public sector banks. The company has also accessed the capital markets raising funds through issue of NCDs and Tier-II Bonds which constituted the balance (31%) of the borrowings as on Sept-18. Also, FMPL had an off-balance sheet portfolio of Rs.222 crore, comprising securitization and business correspondent activity (Nearly 10% of its AUM of Rs.2050 crore as on Sept-18).

Comfortable Liquidity position

The company has a favorable liquidity position given most of the borrowings are of longer tenure repayable over 2-9 years as against shorter tenure of its advances viz. MFI loans of 17-25 months as also reflected by a well matched ALM as on Sept 30, 2018. Company's expected inflows in up to one year bucket (including bank balance and liquid assets) were 2 times of expected outflows. FMPL maintains liquid cash and bank balance of 1-1.5 months of its disbursements. As on December 7, 2018, FMPL had cash and bank balance and liquid investments aggregating Rs.585 crore and un-availed sanctioned funding lines of Rs.410 crore.

Geographically diversified operations
FMPL has a diversified presence across 18 states/UTs with AUM of Rs.2,050 crore as on September 30, 2018. FMPL's AUM has grown from Rs.827 crore as on March 31, 2017 to Rs.1,556 crore as on March 31, 2018 and further to Rs.2,050 crore as on Sep-18.

FMPL has reduced its exposure in Uttar Pradesh which used to constitute the highest share (25%) in the portfolio mix of the company upto FY17 while expanding its presence in other states. As on September 30, 2018 FMPL had highest exposure in Bihar constituting 20.8% of the total portfolio. The Top State concentration as a percentage of Tangible Networth stood at 156% as on Sept-18. The TOP 3 states and Top 5 states constituted 53.37% and 75.76% of the overall loan portfolio (AUM) as on Sept-18. The Top 5 and Top 10 Districts together constituted 10.49% and 17.42% of the AUM as on Sept-18.

Good loan portfolio management and accounting system in place
FMPL has a loan portfolio management and accounting system that has been developed over a period of time. FMPL is presently using in-house developed software which has integrated modules for Loan Management and Accounting which allows monitoring of the operations on a daily basis. FMPL has created separate functional departments with clearly-demarcated roles and responsibilities and a reporting structure for effective monitoring of operations. All the loans are sanctioned by a centralized credit team ensuring strict controls and supervision of the credit operations. Regular audits are undertaken to monitor the operations at all levels.

Industry Prospects
On account of various events post demonetization, collection efficiency of the Micro Finance Institutions (MFIs) and Small Finance Banks (SFBs) had deteriorated. This has impacted the asset quality of the MFIs/SFBs leading to increase in credit costs. Consequently, the profitability of the MFIs/SFBs took a severe hit in FY18 on account of higher provisioning costs. However, the MFI Industry saw a growth of around 50% in terms of AUM during FY18 and asset quality of the MFI's has improved during FY18 as reflected 30+DPD of 4.44% as on March 31, 2018 (as against 11.05% as on March 31, 2017) (source: MFIN).

Key Rating Weaknesses
Weakness in profitability profile during FY18 following weakness in asset quality post demonetization

The income and profitability of FMPL was impacted greatly in FY17 and FY18. The company reported net loss of Rs.39 crore on a total income of Rs.267 crore during FY18 (PAT of Rs.4.10 crore during FY17). The profitability was impacted primarily on account of substantial write-offs / provisioning, interest reversal and higher incidence of operating costs due to deployment of field staff towards collections as against disbursement operations. During FY17 and H1FY18, slowdown in disbursement post demonetization had meant lower processing income, maintenance of higher liquid funds funded by debt resulting in higher interest costs and reduction in interest spreads and Net Interest Margin (NIM).

FMPL has however managed to restore its profitability during H1FY19 on the back of growth in disbursements and no incremental provisioning on non-performing loans during the period. Going forward, the ability of FMPL to improve its profitability would be contingent on its ability to grow its book and maintain its asset quality.

Inherent industry risks
The microfinance sector continues to be impacted by the inherent risk involved viz. socio-political intervention risk and regulatory uncertainty and risks emanating from unsecured lending and marginal profile of borrowers who are vulnerable to economic downturns besides operational risks related to cash based transaction.

Analytical approach: Standalone

Applicable Criteria:
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Rating Methodology for Non-Banking Financial Companies
Financial Sector Ratios

About the Company

FMPL is a leading microfinance company based out of Delhi. The company is registered with Reserve Bank of India (RBI) as a non-deposit accepting, systemically important non-banking financial company (NBFC) and had been granted NBFC-MFI status on January 28, 2014, by RBI. FMPL commenced microfinance operations in January 2010. FMPL provides loans to the female individual members in a group (joint liability group), with each group consisting of 3-5 members. The loans provided to individuals are based on the mutual guarantee from members. It lends to JLG borrowers at 22.25%-22.75% interest rate (on a reducing balance) for a period of 17 to 25 months with a repayment frequency of 14/28 days. As on September 30, 2018, FMPL was operating 245 districts spread across 18 states, viz. Uttar Pradesh, Uttarakhand, Madhya Pradesh, Haryana, Bihar, Delhi, Himachal Pradesh, Chattisgarh, Maharashtra, Odisha, Jharkhand, Punjab, Rajasthan, West Bengal, Assam, Tamil Nadu, Pondicherry and Gujarat. As on Sept 30, 2018, FMPL had 12.81 Lac active borrowers (vis-à-vis 10.31 lac active borrowers as in March 31, 2018 and 7.34 lac borrowers as on March 31, 2017) with a total outstanding portfolio of Rs.2050 crore (including BC Portfolio of Rs.68.79 crore and Securitized/assigned portfolio of Rs.153.31 crore).

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	201	267
PAT	4	-39
Interest coverage (times)	1.38	1.27
Total Assets	1201	1935
Assets Under Management (AUM)	827	1556
PAR 90 (%)	11.58	3.61
Net NPA (%)	0.14	0.16
Adj. ROTA (%)*	0.40	-2.29

A: Audited
**Adjusted Ratios: Adjusted for off-book portfolio*

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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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-Cash Credit	-	-	-	15.00	CARE A-; Stable
Fund-based - LT-Term Loan	-	-	*	885.00	CARE A-; Stable
Debentures-Non Convertible Debentures	March 31, 2015	15.00%	December 18, 2020	10.00	CARE A-; Stable
Debentures-Non Convertible Debentures	September 04, 2017	12.10%	August 31, 2020	20.00	CARE A-; Stable
Debentures-Non Convertible Debentures	March 06, 2018	Variable	September 02, 2021	25.00	CARE PP-MLD A-; Stable
Debt-Subordinate Debt	March 31, 2018	13.90%	September 29, 2023	30.00	CARE A-; Stable

* including proposed term loans

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	885.00	CARE A-; Stable	1)CARE BBB+; Positive (23-Nov-18)	1)CARE BBB+; Stable (04-Sep-17)	1)CARE BBB+; Stable (03-Mar-17) 2)CARE BBB+ (07-Nov-16)	1)CARE BBB (16-Mar-16) 2)CARE BBB (27-Jul-15)
2.	Debentures-Non Convertible Debentures	LT	10.00	CARE A-; Stable	1)CARE BBB+; Positive (23-Nov-18)	1)CARE BBB+; Stable (04-Sep-17)	1)CARE BBB+; Stable (03-Mar-17) 2)CARE BBB+ (07-Nov-16)	1)CARE BBB (27-Jul-15) 2)CARE BBB- (29-Apr-15)
3.	Fund-based - LT-Cash Credit	LT	15.00	CARE A-; Stable	1)CARE BBB+; Positive (23-Nov-18)	1)CARE BBB+; Stable (04-Sep-17)	1)CARE BBB+; Stable (03-Mar-17) 2)CARE BBB+ (07-Nov-16)	1)CARE BBB (16-Mar-16)
4.	Debentures-Non Convertible Debentures	LT	20.00	CARE A-; Stable	1)CARE BBB+; Positive (23-Nov-18)	1)CARE BBB+; Stable (04-Sep-17)	-	-
5.	Debentures-Non Convertible Debentures	LT	25.00	CARE PP MLD A-; Stable	1)CARE PP-MLD BBB+; Positive (23-Nov-18)	1)CARE PP-MLD BBB+; Stable (27-Feb-18)	-	-
6.	Debt-Subordinate Debt	LT	30.00	CARE A-; Stable	1)CARE BBB+; Positive (23-Nov-18) 2)CARE BBB+; Stable (02-Apr-18)	-	-	-

JU Agri Sciences Private Limited
December 12, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long term Bank Facilities	50.00 (enhanced from 40.00)	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	**Reaffirmed**
Short term Bank Facilities	65.00 (enhanced from 50.00)	CARE A3+ (A Three Plus)	**Reaffirmed**
Total Facilities	**115.00 (Rs. One Hundred and Fifteen crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of JU Agri Sciences Private Limited (JASPL) derives strength from the long track record of operations of the company in the pesticide & agrochemical industry, diversified product portfolio with a growing distribution network and growth in revenue from operations with improved profit margins.

The ratings are, however, constrained by the moderate capital structure and solvency indicators, moderate liquidity position and exposure to agro-climatic conditions. Going forward, the ability of JASPL to sustain its growth & report higher revenue, improve profitability margins while effectively managing its working capital requirements in a seasonal industry and maintain its capital structure are the key rating sensitivities.

Key Rating Strengths

Long track record of operations in pesticide and agrochemical industry

JASPL, incorporated in 1986 has been operational for about three decades and has developed a wide portfolio of products and a distribution network spread across India. Such long track record of operations provides JASPL with a deep understanding of geographical and climatic variations in the Indian agro chemical market.

Diversified product portfolio with several formulations approved and registered with CIB

The company's product portfolio includes insecticides, herbicides, fungicides, biocides, bio fertilizers and plant growth regulators (PGR). Pesticide formulators in India are required to register their formulations with Central Insecticide Board and obtain licence for formulation, stocking and selling of pesticides. The company currently has over 200 formulations registered with CIB. This provides JASPL with flexibility to manufacture products according to the varying geographical demand.

Growing distribution and sales network

Initially, most of the company's revenue was from northern India. However from FY 16, the company took steps to widen its presence across India by establishing new depots and adding more distributors to its network. As on September 30, 2018, the company's distribution network has 25 depots and 6979 distributors. The revenue of JASPL is geographically spread with the northern & eastern region contributing about 75% of total revenue in FY18, followed by southern market at 13.4% and central market at 11.8%.

Growth in revenue from operations and improved profit margins

The revenue from operations of the company grew 15.13% in FY 18 from that of last year. Growing distribution network resulting in wider geographic presence coupled with increasing number of sales personnel has enabled JASPL to improve its sales volume in the recent past. The PBILDT margin of the company improved significantly in FY 18 to 10.14% compared to 7.54% in FY 17. This can be mainly attributed to the increase in sale of high margin products (biological and PGRs). The company procures bio pesticides from Tropical Bio Sciences Private Limited, a subsidiary of JASPL. In H1FY19, the company recorded total revenue of Rs. 277.55 Cr with a PBILDT margin of 12.26%.

Key rating Weakness

Moderate capital structure and solvency indicators

The overall gearing of JASPL was 1.25 times as on March 31, 2018 against 1.08 as on March 31, 2017. The coverage indicators of the company also remain moderate with interest coverage of 4.85 times in FY18 and TD/GCA of 5.86 years as on March 31, 2018.

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

Moderate liquidity position
The company relies on bank borrowings to fund its operating cycle and the average working capital utilisation remained moderate for the past 12 month period ended August 2018 at 81%. The inventory holding of the company was 88 days during FY18 as against 68 days during FY17 while the average collection period was 137 days in FY18 as against 108 days in FY17. The operating cycle further elongated to 191 days during FY18 compared to 152 days in FY17. As on September 30, 2018 the company has Rs. 2.17 crore as cash and bank balance and Rs. 4.03 crore as bank deposit.

Exposure to agro-climatic conditions
India has four major climatic regions and two annual monsoons. This results in wide variations in rainfall and pattern of agriculture across the country. The prospect of agro chemical industry is dependent on the prevailing agro climatic condition in the particular region. To mitigate the risk associated with regional variations, JASPL has diversified itself across various geographies. The company has been trying to increase its presence across India.

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-Manufacturing Companies]
[Financial ratios – Non-Financial Sector]
[Rating Methodology – Pesticide Companies]

About the company
JASPL is an agro-chemical formulation company incorporated in 1986 by the 'Jhaver' group as JU Pesticides and Chemicals Private Limited and later renamed as JU Agri Sciences Private Limited in November, 2014. Mr. Vedant Jhaver looks after the day to day operations of the company. The company is engaged in the sale of crop protection and pest management products. The company has its manufacturing facility at Sikandarabad, UP with an installed capacity of 23 KL per shift of 8 hours for emulsion concentrate, 1 MT per shift of 8 hours for dustpowder/wettable and 15 MT per shift of 8 hours for granules.

Brief Financial (Rs.Crore)	**FY17(A)**	**FY18(A)**
Total operating income	252.26	282.80
PBILDT	18.53	28.67
PAT	8.49	15.64
Overall Gearing(times)	1.08	1.25
Interest Coverage(times)	3.87	4.85

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-Cash Credit	-	-	-	50.00	CARE BBB+; Stable
Fund-based/Non-fund-based-Short Term	-	-	-	65.00	CARE A3+

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	50.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (29-Dec-17) 2)CARE BBB+; Stable (21-Dec-17)	1)CARE BBB+; Stable (10-Jan-17)	1)CARE BBB+ (11-Feb-16)
2.	Fund-based/Non-fund-based-Short Term	ST	65.00	CARE A3+	-	1)CARE A3+ (29-Dec-17) 2)CARE A3+ (21-Dec-17)	1)CARE A3+ (10-Jan-17)	1)CARE A3+ (11-Feb-16)
3.	Fund-based/Non-fund-based-Short Term	-	-	-	-	1)CARE A3+ (21-Dec-17)	1)CARE A3+ (10-Jan-17)	1)CARE A3+ (11-Feb-16)

SMC IM+ Realty Fund
(SMC & IM Capitals Investment Manager LLP)
December 12, 2018

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
SMC IM+ Reality Fund	-	-	Withdrawn

Details of instruments/facilities in Annexure-1

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers
CARE has withdrawn the outstanding ratings of 'CARE A+ (AIF)' [Single A Plus (Alternative Investment Fund)] assigned to the SMC IM+ Realty Fund (AIF Fund) with immediate effect. The above action has been taken as per CARE's rating withdrawal policy at the request of SMC & IM Capitals Investment Manager LLP (fund manager) as there is no fund and investment in SMC IM+ Reality Fund and further fund raising has been deferred.

Analytical approach: Not Applicable
Applicable Criteria
Policy on Withdrawal of ratings
Rating Methodology – Alternative Investment Fund

About the Company
SMC IM+ Realty Fund is a scheme of SMC & IM Capitals Investment Manager LLP. The Fund is a close ended real estate focused fund that seeks to provide consistent risk-adjusted returns by investing in partnership interest, equity and equity related securities/instruments, debt and quasi debt securities and other permissible securities/instruments of special purpose vehicles/holding companies that hold portfolio of residential and commercial real estate projects primarily in Tier I and II cities of India. The Trust (IM+ Reality Trust) had been granted registration as a Category II Alternative Investment Fund (IM+ Reality Fund) with SEBI on November 30, 2015. Later the name of the Trust and the fund managed by the Trust was changed to SMC-IM+ Realty Trust and SMC IM+ Realty Fund. The Sponsors of the Fund/Trust are SMC Global Securities Limited (SMC Group) and IM+ Capitals 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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[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Disclaimer

CARE's alternative investment fund rating is not a recommendation to purchase, sell, or hold a security / fund. It neither comments on the current market price, suitability for a particular investor nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the fund's ability to meet the payment obligations to the investors.

The ratings are based on current information furnished to CARE by the issuer or obtained by CARE from sources it considers 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. CARE does not perform an audit in connection with any rating and may, on certain occasions, rely on. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances. Funds rated by CARE have paid a rating fee.

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
SMC IM+ Reality Fund	-	-	-	-	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.	SMC IM+ Reality Fund	-	-	Withdrawn		1) CARE A+ (AIF) (21-Aug-17)		

DPS Contractors Private Limited
December 12, 2018

Rating

Facilities	Amount (Rs. Crore)	Rating[1]	Rating Action
Long-term Bank Facilities	2.00	**CARE BB; Positive (Double B; Outlook: Positive)**	**Assigned**
Long-term Bank Facilities /Short-term Bank Facilities	12.00	**CARE BB; Positive /CARE A4+ (Double B; Outlook: Positive / CARE A Four Plus)**	**Assigned**
Total Facilities	**14.00 (Rupees Fourteen crore only)**		

Details of facilities rated in Annexure 1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of DPS Contractor Private Limited (DPSCPL) are constrained by fluctuating scale of operations coupled with moderate profitability, moderately working capital intensive nature of operations. The ratings are further constrained by presence in highly competitive & fragmented industry inherent to competitive bidding process.

The ratings, however, derive strength from long track record with experienced promoter, strong order book position, and comfortable capital structure & debt coverage indicators.

The ability of the company to increase the scale of operations with timely execution of orders and strengthening of order book and improve profit margins amidst competitive scenario and maintain the capital structure and liquidity position by efficiently managing the working capital requirement is the key rating sensitivity.

Outlook: Positive

The outlook is 'Positive' on account of expectation of a significant improvement in the scale of operations by FY19, on the back of strong order book position. The outlook may be revised to 'Stable' if the company is not able to achieve the said improvement in the scale of operations.

Detailed description of the key rating drivers

Key Rating Weaknesses

Fluctuating scale of operations coupled with moderate profitability: The scale of operations the remained small and fluctuating during past three years with total operating income (TOI) Rs.36.37 crore in FY18 (vis-à-vis of Rs.40.92 crore in FY17 and Rs.35.52 crore in FY16) owing to fluctuation in the order execution during past. The PBILDT margin of the company has improved and remained moderately comfortable in the range of 9.03%-11.49% during FY16-FY18. However, the PAT margin stood relatively lower owing to higher interest and depreciation cost. Hence, tangible net worth of DPSPL also remained small at Rs.9.44 crore as on March 31, 2018, which limits the financial flexibility of the company to an extent.

Moderately working capital intensive nature of operations: The operations of the company remained working capital intensive on account of majority of the funds blocked in debtors and moderate portion in inventory. Moreover, the company required to maintain a security deposit as retention money of 5-10% of the contract value at the time of entering into the contract. On the other hand, the company receives very low credit period from its suppliers. As a result of the same operating cycle stood moderately higher at 52 days in FY18. Also, the utilization level of working capital limits stood high. The current ratio stood comfortable at 7.03x as on March 31, 2018. The company maintained free cash & bank balance of Rs.0.15 crore as on March 31, 2018.

Presence in highly competitive and fragmented industry inherent to competitive bidding process: DPSPL operates in a highly competitive and fragmented civil works industry, wherein a number of small & medium players are engaged in civil works for the government. Moreover, since PWD, Indian Railway, NHA is the only end-customer, the competition is intensified wherein competitive bidding is undertaken by all the players, due to which the company possesses low bargaining power against the same. This is evidently reflected in the moderate profit margins.

Key Rating Strengths

Long track record with experienced Promoter in civil works: The overall operations of DPSCPL are looked after by Mr. Mr. Dinesh Pratap Singh and Mr. Brijesh Singh, who possess a more than two decades of experience the field of civil works. Moreover, the

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

promoters are also supported by Mr. Ram Vilas and Mr. Ram Khelwan has also joined the company who also possess about a decades of experience and looks after the procurement of material and site work.

Strong order book position: DPSCPL primarily deals with PWD, Indian Railway, NHA from whom it possess strong order book worth Rs.480.54 crore as on November 30, 2018, which are expected to be executed upto 24-36 months. Hence provide medium term revenue visibility.

Comfortable capital structure and debt coverage indicators: The capital structure of the company stood comfortable and the same has improved on account increase in tangible networth base in form of accretion of profits in business. However, given the moderate profitability, the debt coverage indicators stood comfortable.

Analytical approach: Standalone

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

About the Company
DPS Contactors Private Limited (DPS) was incorporated by Mr. Dinesh Pratap Singh and Mr. Brijesh Pratap Singh in 2007. In 2009, Mr. Dinesh Pratap Singh resigned from company after being elected as a Member of Legislative Council from Rae-Bareli. Currently, the management comprises of Mr. Ram Khelwan and Mr. Ram Vilas and Mr. Brijesh Pratap Singh. The company is engaged in civil construction work which involves building of roads, bridges, pipelines and canals. DPS executes the projects mainly for Public Work Department (PWD), Indian Railways, National Highway Authority of India (NHAI) etc. The company mainly operates in Uttar Pradesh. The company gets order through tendering and bidding process. On the other hand the company procures various materials viz. clovers, frames, nets, steel & TMT sheets/metals/bars/angles, equipments, pipes, sand, bricks, cement, etc. from the local suppliers in Raebareilly, Uttar Pradesh.

Brief Financials (Rs. crore)	FY17(A)	FY18 (A)
Total operating income	40.92	36.37
PBILDT	3.70	4.18
PAT	1.60	1.44
Overall gearing (times)	0.79	0.66
Interest coverage (times)	3.80	3.55

A: Audited, Prov.: Provisional

Any other information: Not applicable

Status of non-cooperation with previous CRA: *CRISIL BB/ Stable; CRISIL A4+; ISSUER NOT COOPERATING* as per PR dated May 18,2018 on account of absence of requisite information from the company to carry out annual surveillance*.

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 nearly 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
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	12.00	CARE BB; Positive / CARE A4+
Fund-based - LT-Cash Credit	-	-	-	2.00	CARE BB; Positive

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.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	12.00	CARE BB; Positive / CARE A4+	-	-	-	-
2.	Fund-based - LT-Cash Credit	LT	2.00	CARE BB; Positive	-	-	-	-

Mahindra and Mahindra Financial Services Limited

December 12, 2018

Ratings:

Instruments	Amount (Rs. Core)	Rating[1]	Rating Action
Non-Convertible Debenture (NCD) (Proposed)	1,000 (Rs. One Thousand Crore only)	CARE AAA; Stable [Triple A; Outlook: Stable]	Assigned

Details of instruments / facilities given in Annexure – 1

Detailed Rationale and Key Rating drivers:

The rating assigned to the debt instruments of Mahindra and Mahindra Financial Services (MMFSL) factor in the majority ownership by Mahindra & Mahindra Limited (M&M; rated 'CARE AAA; Stable') and strategic importance of MMFSL for M&M. The ratings also take into account the expected support from M&M, operational linkages with M&M, sharing of a common brand name, resource raising ability being part of the group, MMFSL's strong management, long track record of operations with strong position in financing of tractors and utility vehicles, comfortable capitalization and liquidity profile, diversified asset mix and well-diversified funding profile and moderate profitability profile.

The ratings also factor in the stressed asset quality due to the seasonal nature of income of its customers in rural and semi-urban areas and have higher susceptibility to slowdown in the overall economy and moderate profitability parameters.

Credit profile of the parent (M&M), strategic importance of MMFSL for M&M, asset quality, profitability and capitalization are the key rating sensitivities.

Detailed description of Key Rating Drivers:

Key Rating Strengths:

Strong parentage, shared brand and Board of Directors and management support

MMFSL is a subsidiary of Mahindra & Mahindra Ltd. which has a leadership position in the tractors and utility vehicles (UV) segment in India, with market share of ~43% and ~25% respectively as at March 31, 2018. M&M has been supporting MMFSL through shared 'Mahindra' brand as well as representation on Board of Directors as well as management support. The Board of Directors of MMFSL is headed by Mr. Dhananjay Mungale (Non- Executive Chairman) who has vast experience in corporate and investment banking. The operations of the company are headed by Mr. Ramesh Iyer who is the Vice-Chairman and Managing Director and has been with MMFSL since inception in 1995. He is also member of the Group Executive Board of M&M (as President – Financial Services Sector) which explores synergies between all the businesses and formulates strategic plans. Board of MMFSL has representation from the Mahindra group by Dr. Anish Shah (Group President – Strategy at M&M) and Mr. V S Parthasarathy (Group CFO and CIO for M&M).

Strategically important subsidiary for the parent

MMFSL is crucial to M&M's sales of rural and semi-urban products like tractors and utility vehicles. MMFSL is a strategically important subsidiary for M&M being the largest financier of M&M vehicles providing finance to around 30% of M&M vehicles for FY18 (refers to period from April 01 to March 31).

Long track record of operations and diversified OEM base

MMFSL started business in 1991 and hence has a long track record of operations. It has the experience of operating in various business cycles. It started as a captive financier for M&M but from 2002-03 the company has started financing vehicles of other Original Equipment Manufacturers (OEMs) like Maruti, Hyundai, Eicher, Nissan, Tata, etc. which along with SME financing account for nearly 55% of AUM of MMFSL as on September 30, 2018.

Comfortable capital adequacy ratio post equity infusion during FY18

MMFSL has consistently maintained comfortable capital adequacy ratio at or above 17%. As on March 31, 2018, total capital adequacy ratio (CAR) stood at 22.70% with a Tier I CAR at 17.00% and CAR of 19.70% with Tier I CAR of 14.50% as on September 30, 2018. During FY18, the company raised equity capital of Rs.2,111 crore. Out of which Rs.1,055 crore was raised through preferential allotment to Mahindra & Mahindra Ltd (M&M); thereby maintaining its majority shareholding at 51.19% and Qualified Institutional placement amounting to Rs.1,056 crore.

Comfortable liquidity profile

The company had comfortable liquidity profile with well-matched asset and liability maturities (ALM) supported with undrawn sanction limits from banks as well as access to in-principle line of credit from group companies.

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

Diversified funding profile
MMFSL's funding profile is well diversified with resources being raised from various avenues like non-convertible debentures, subordinated debt, domestic and foreign currency loans from banks, public deposits, and commercial paper. The company has bank lines from a variety of banks to meet its funding requirements. The company also securitised its portfolio every year which is another source of funding.

Diversified portfolio mix
As of September 30, 2018, on standalone basis, MMFSL, had total assets (including provisions) of Rs.62,782 crore. The AUM of MMFSL comprises of asset class like Auto/utility vehicles (25%), car (21%), tractor (17%), commercial vehicles & Construction equipment (15%), Pre owned vehicles (8%), SMEs and others (14% comprising majorly trade SME loans).

Moderate profitability profile with improvement during FY18
As the target segment of the company is rural which has high dependence on cash, MMFSL saw impact on profitability on account of demonetization during FY17 (especially second half of the year) resulting in decline of 40% in Profit After Tax (PAT) to Rs.400 crore on total income of Rs.6,238 crore during FY17 as compared to PAT of Rs.673 crore on total income of Rs.5,905 crore during FY16. During FY18, MMFSL saw improvement in recovery and collections resulting in improvement in profitability. It reported PAT of Rs.892 crore on total income of Rs.7,206 crore during FY18 with Return on Total Assets (ROTA) improving to 1.81% as against 0.95% for FY17.
During Q2FY19, MMFSL reported financial results under IND AS and reported PAT of Rs.381 crore on total income of Rs.2,148 crore as compared to PAT of Rs.164 crore on total income of Rs.1540 crore during Q2FY18 and on half yearly basis, MMFSL reported PAT of Rs.650 crore on total income of Rs.4,088 crore as compared to PAT of Rs.365 crore on total income of Rs.3,048 crore during H1FY18.

Rating Weaknesses:
Asset quality under pressure
The asset quality parameters of MMFSL have traditionally been inferior to its peers as it is business is closely linked to rural economy with uncertain cash flows. However, the loan pricing takes care of higher delinquencies with above industry average profitability. After two consecutive droughts, country received normal monsoon in 2016 and 2017 which was a positive for customer profile of MMFSL; however, company faced incremental stress in asset quality parameters for short term on account of lower collections due to demonetization which has stabilised since then. Further, adequate monsoon during 2018 is expected to improve the asset quality in the current financial year.
The company reported Gross NPA ratio of 9.26% (P.Y.: 9.93%) and Net NPA ratio of 4.10% (P.Y.: 4.05%) respectively as on March 31, 2018. MMFSL has migrated to 90+ dpd NPA recognition from 120+ dpd criteria from FY18. Net NPA to net worth was 23.18% (P.Y.: 27.84%) as on March 31, 2018. The company has reported Gross NPA ratio of 9.00% and Net NPA ratio of 6.00% under IND AS as on September 30, 2018.

Analytical approach: CARE has taken a view based on the standalone financial profile of MMFSL and factoring in the parentage and operational linkages with M&M.

Applicable criteria:
Rating Methodology- Non-Banking Finance Companies
Criteria for assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Rating of Short-term Instruments
Rating Methodology: Factoring Linkages in Ratings
Financial ratios - Financial Sector

Liquidity profile:
The ALM profile of MMFSL as on September 30, 2018 was well matched and the company had adequate back up lines of credit. As on November 30, 2018, MMFSL has undrawn lines of credit of Rs.2,236 crore from various bank lines. In addition, the company has access to funds from various group companies by way of in-principle line of credit (subject to regulation of 10% of net worth of MMFSL) from M&M (parent) and other group companies which have cash surplus which provide comfort. Being part of the Mahindra Group, MMFSL also has the strength to mobilize funds to meet any liquidity requirements.

About the company:
MMFSL is a subsidiary of Mahindra & Mahindra Limited (M&M; rated 'CARE AAA; Stable') (51.2% stake) which enjoys market leadership position in its key product segments like tractor and utility vehicle financing. MMFSL was incorporated in 1991 and started its operations as a captive financier for M&M vehicles but since 2002-03 it has started financing vehicles of other Original Equipment Manufacturers (OEMs) like Maruti, Hyundai, Nissan and Tata. As on September 30, 2018 MMFSL had 1,296 offices covering 27 states and 5 union territories in India and over 5.68 million vehicle finance customer contracts since inception. As of September 30, 2018, MMFSL, had an total assets (including provisions) of Rs.62,782.30 crore. The AUM of MMFSL comprises of asset class like Auto/utility vehicles (25%), car (21%), tractor (17%), commercial vehicles & Construction equipment (15%), Pre owned vehicles (8%), SMEs and others (14% comprising majorly trade SME loans) as on September 30, 2018. MMFSL is a strategically important subsidiary for M&M since M&M vehicles constitute ~47% of AUM of MMFSL as on September 30, 2018. MMFSL is crucial to M&M's sales of rural and semi-urban products like tractors and utility vehicles and is the largest financier of M&M vehicles financing ~30% of M&M vehicles. MMFSL has four main subsidiaries namely, Mahindra Insurance Brokers Ltd. (80% stake), Mahindra Rural Housing Finance Ltd. (89%), Mahindra Asset Management Company Pvt. Ltd. (100%) and Mahindra Trustee Company Pvt. Ltd. (100%). It also has a US based joint venture company, Mahindra Finance USA LLC., which is in the business of providing wholesale inventory financing to US based dealers, financing dealer purchases of Mahindra products and providing retail financing to end-user customers to finance their lease or purchase of Mahindra products. As on March 31, 2018 on a consolidated basis, the company had a net worth of Rs.9,221 crore and a gross loan portfolio of Rs.83,108 crore. MMFSL is headed by Mr. Ramesh Iyer as the Managing Director and Mr. Dhananjay Mungale is the company's Chairman (independent director). Mr. Iyer has been associated with the company since inception and is also a member of Group Executive Board of M&M. Mr. Mungale is the independent chairman of the company and brings with him vast experience of corporate and investment banking.

Brief Financials: (Rs. Crore)

Particulars	FY17 (A)	FY18 (A)
Total Operating Income	6,238	7,206
PAT	400	892
Interest Coverage (times)	1.68	1.85
Total Assets	45,250	53,567
Net NPA (%)	3.8	3.9
ROTA (%)	0.95	1.81

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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****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:

Instrument	Date Of Issue	Date Of Maturity	Coupon (%)	Amount (Rs. Cr)	Existing Rating
Unsecured NCD	19-Apr-18	19-Apr-33	8.53	1,000.00	CARE AAA; Stable
Secured NCD	2-Dec-14	2-Mar-16	8.60	25.00	CARE AAA; Stable
Secured NCD	15-Dec-14	13-Dec-24	8.95	175.00	CARE AAA; Stable
Secured NCD	23-Jan-15	23-Jan-25	8.79	250.00	CARE AAA; Stable
Secured NCD	10-Mar-15	10-Mar-25	8.70	55.00	CARE AAA; Stable
Secured NCD	24-Mar-15	24-Mar-25	8.72	50.00	CARE AAA; Stable
Secured NCD	22-Apr-15	22-Apr-25	9.00	500.00	CARE AAA; Stable
Secured NCD	24-Jun-15	24-Jun-25	9.00	500.00	CARE AAA; Stable
Secured NCD	29-Jun-15	29-Jun-22	8.95	97.00	CARE AAA; Stable
Secured NCD	29-Jun-15	27-Jun-25	8.95	15.00	CARE AAA; Stable
Secured NCD	9-Oct-15	9-Oct-25	8.75	250.00	CARE AAA; Stable
Secured NCD	30-Oct-15	30-Oct-20	8.48	250.00	CARE AAA; Stable
Secured NCD	5-Nov-15	3-Nov-17	8.48	25.00	CARE AAA; Stable
Secured NCD	5-Nov-15	21-Nov-17	8.48	3.50	CARE AAA; Stable
Secured NCD	29-Mar-16	29-Mar-21	8.82	271.00	CARE AAA; Stable
Secured NCD	30-Mar-16	30-Apr-19	8.75	175.00	CARE AAA; Stable
Secured NCD	4-Apr-16	4-Sep-19	8.68	100.00	CARE AAA; Stable
Secured NCD	1-Sep-16	30-Aug-19	8.05	50.00	CARE AAA; Stable
Secured NCD	15-Sep-16	16-Sep-19	ZERO XIRR: 7.95%	125.00	CARE AAA; Stable
Secured NCD	29-Nov-16	29-Nov-21	7.50	20.00	CARE AAA; Stable
Secured NCD	19-Jan-17	18-Jan-19	7.65	25.00	CARE AAA; Stable
Secured NCD	27-Mar-17	25-Mar-22	7.85	25.00	CARE AAA; Stable
Secured NCD	19-Apr-18	19-Apr-22	8.25	200.00	CARE AAA; Stable
Secured NCD	19-Nov-18	22-Feb-22	9.4857 XIRR: 9.50%	120.00	CARE AAA; Stable
Subordinated Debt$	17-Nov-14	15-Nov-24	9.50	100.00	CARE AAA; Stable
Subordinated Debt$	2-Feb-15	31-Jan-25	9.18	100.00	CARE AAA; Stable
Subordinated Debt$	25-Jun-15	25-Jun-25	9.10	25.00	CARE AAA; Stable
Subordinated Debt$	14-Aug-15	14-Aug-25	9.00	25.00	CARE AAA; Stable
Subordinated Debt$	21-Aug-15	21-Aug-25	9.00	25.00	CARE AAA; Stable
Subordinated Debt$	27-Oct-15	27-Oct-25	8.90	100.00	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Dec-21	8.34	1.95	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Dec-21	8.44	7.09	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-23	8.44	5.24	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-23	8.53	1.30	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-26	8.53	0.90	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-26	8.72	24.73	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Dec-21	8.60	28.55	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Dec-21	8.70	13.39	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-23	8.70	0.80	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-23	8.80	3.64	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-26	8.80	27.83	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-26	9.00	852.33	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Dec-21	N.A	3.68	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-23	N.A	1.36	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-26	N.A	0.25	CARE AAA; Stable
Subordinated Debt#	6-Jun-16	6-Jun-26	N.A	26.96	CARE AAA; Stable

$: Private Placement, #: Public Issue

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.	Debentures-Non Convertible Debentures	LT	200.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (05-Jan-16)
2.	Debt-Subordinate Debt	LT	100.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (05-Jan-16)
3.	Debentures-Non Convertible Debentures	LT	400.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (05-Jan-16)
4.	Debt-Subordinate Debt	LT	100.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (05-Jan-16)
5.	Debentures-Non Convertible Debentures	LT	700.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (05-Jan-16)
6.	Debt-Subordinate Debt	LT	300.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (05-Jan-16)
7.	Debentures-Non Convertible Debentures	LT	1000.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (05-Jan-16) 2)CARE AAA (08-Jul-15)
8.	Debentures-Non Convertible Debentures	LT	400.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (05-Jan-16)
9.	Debt-Subordinate Debt	LT	1000.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (04-Mar-16) 2)CARE AAA (05-Jan-16)
10.	Debt-Subordinate Debt	LT	100.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16)	1)CARE AAA (05-Jan-16)
11.	Debentures-Non Convertible Debentures	LT	500.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (31-Dec-16) 2)CARE AAA (18-Apr-16)	-
12.	Debentures-Non Convertible Debentures	LT	1250.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18) 2)CARE AAA; Stable (12-Apr-18)	-	-	-
13.	Debt program	LT	10000.00	CARE AAA; Stable	1)CARE AAA; Stable (08-Oct-18)	-	-	-
14.	Debentures-Non Convertible Debentures	LT	1,000.00	CARE AAA; Stable	-	-	-	-

Patels Airtemp (India) Limited
December 12, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	70.00	**CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**	**Reaffirmed**
Long-term/ Short-term Bank Facilities	35.00	**CARE BBB+; Stable / CARE A2+ (Triple B Plus; Outlook: Stable / A Two Plus)**	**Reaffirmed**
Short-term Bank Facilities	7.00	**CARE A2+ (A Two Plus)**	**Reaffirmed**
Total Facilities	**122.00 (One hundred and twelve crore)**		

Details of facilities in Anneuxre-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Patels Airtemp (India) Limited (PAIL) continue to derive strength from vast experience of the promoters, its long and established track record of more than four decades in the process equipment industry supported by various product certifications and reputed clientele across multiple end-user industries and healthy order-book. The ratings also continue to factor in financial risk profile marked by steady growth in total operating income (TOI) along with stable profitability margin, comfortable capital structure and adequate liquidity.

The ratings, however, continue to be constrained on account of moderate scale of operations, intensive working capital requirement, concentrated revenue stream in terms of product offerings and clientele and its exposure to fluctuations in raw material prices and foreign exchange rates.

The ability of PAIL to significantly scale up its operations while diversification in revenue profile, improvement in profitability and timely execution of orders while further strengthening the order book are the key rating sensitivities. Further, efficient management of working capital and continue comfortable capital structure is also crucial from credit perspective.

Detailed description of the key rating drivers

Key Rating Strength

Vast experience of the promoters with an established track record: Mr Narayanbhai G Patel, Chairman of PAIL, have long-standing operational track-record of more than four decades in the business of design and fabrication of process equipment and engineering goods. Further, he is supported by the next generation of the family, Mr Prakash Patel and Mr Sanjiv Patel who are actively involved in the day to day business since more than one decade.

Product certification from all major third party inspection agencies & consultants: PAIL holds “U”, “U2”, “S”, “R” stamp authorization certification issued by American Society of Mechanical Engineers (ASME) along with accredited “N” & “NPT” (nuclear safe). Air Cooled and Shell Type Heat Exchangers are the flagship products which are one of the critical components of Oil refineries, nuclear reactors and power generation facilities. The products of PAIL are approved by all major third party inspection agencies and consultants like, Bureau Veritas, TUV, Engineers India Ltd., SGS India Pvt. Ltd, etc.

Reputed clientele across multiple end user industry: PAIL has long and established relationship with reputed players belonging to industries like petroleum, chemicals, pharmaceuticals, fertilizers etc. Most of its clientele enjoy leading position in their respective industry segment resulting into lower counter party credit risk. This diversification across various industries also mitigates the risk associated with cyclicality in respective industries.

Steady growth in operating income along with healthy order book: Consistent flow of orders and improvement in execution capabilities led to healthy growth in scale of operations of PAIL marked by Compounded Annual Growth Rate

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

(CAGR) of 12% registered in Total Operating Income during last four years ended FY18. PAIL's unexecuted order-book increased to Rs.319 crore (2.02 times of FY18 TOI) as on November 01, 2018 compared to order-book of Rs.238 crore (1.74 times of FY17 TOI) which provides sufficient revenue visibility over near to medium term.

Comfortable leverage and debt coverage indicators: The overall gearing which deteriorated as on March 31, 2018 compared to March 31, 2017 due to higher utilization of fund based limits, continued to remain comfortable. Further, other debt-coverage indicators like interest coverage and total debt/GCA also marginally weaken although remained comfortable during the year on account of healthy cash accruals.

Adequate Liquidity
The company operates under the capital goods industry which is working capital intensive. However, PAIL has adequate liquidity supported by healthy customers' advances, steady cash accruals and absence of committed term loan repayment obligations. The liquidity indicators of PAIL remained comfortable marked by strong current ratio, unencumbered cash and bank balance of Rs.4.11 crore on March 31, 2018 and moderate utilization of its fund based working capital limits for past 12 months ended September 2018.

Pace of implementation of announced capex likely to drive the performance of the capital goods sector: PAIL operates in capital goods industry which has remained subdued since FY12 on account of slowdown in the global economy. However, the outlook for capital goods sectors remains stable with recovery expected in the medium term on the back of outsourcing of engineering services to India, increased focus of government on infrastructure. Further opening up of various sectors for foreign direct investments could also act as a catalyst.

Key Rating Weakness
Modest scale of operations: Despite long track record of over 4 decades, the scale of operations of PAIL remained modest marked by total operating income of Rs.159 crore, PAT of Rs.9 crore during FY18 and tangible net-worth of Rs.74 crore as on March 31, 2018. The modest scale of operations restricts the bargaining power of the company with large customers and also restricts the financial flexibility of the company.
Over the years the PBILDT margin of PAIL remained stable and moderate in the range of 12-14% over past four years ended FY18. The PAT also margins although declined marginally and remained at around 5%-6% during last four years ended FY18 due to increase in interest cost.

Limited product offering leading to revenue concentration: PAIL has limited product offerings with Shell heat exchangers and air cooled heat exchangers continues to be the major contributor of its revenue stream. Further, its top five customers contributed around 62% to 68% of net sales during last three years ended FY18. However, PAIL is not reliant on repeat business from any one or group of client and composition of its major customers also keeps changing resulting in lower business risk.

Working capital intensive operations: PAIL operates in capital goods industry which is working capital intensive. Working capital cycle of PAIL elongated during FY18 due to increase in inventory holding period. The operating cycle is expected to remain long mainly due to order based nature of operations and longer execution period of the orders. Moreover, the working capital requirement of the company is influenced by funding requirement towards the security deposits, retention amount and margin money for the non-fund-based facilities.

Susceptible to volatile raw material prices and foreign exchange fluctuation: Metal (Mild-steel as well as Stainless-steel) sheets, plates, tubes, pipes and other components accounts for nearly 75% of its raw material cost used by PAIL. The inherent volatility in their prices could impact the company's profitability. This results into risk of price fluctuations on the inventory of raw materials as well as finished goods. However, PAIL has back to back arrangement for booking of raw materials with the orders which mitigates the raw material price fluctuation risk to some extent. Further PAIL also sources parts of its raw material requirements from international markets however PAIL is net exporter and exposed to adverse fluctuation in foreign currency exchange rates especially in the absence of an active hedging policy.

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-Manufacturing Companies]
[Financial ratios – Non-Financial Sector]

About the Company
Incorporated in 1992, PAIL was promoted by Mr. Narayanbhai Patel & Associates who have been in the business of design and fabrication of process equipment and engineering goods since 1973. PAIL is engaged in the manufacturing of capital goods equipment like heat exchangers, pressure vessels, air conditioning and refrigeration equipment etc. and execution of turnkey heating, ventilation and air conditioning (HVAC) projects.

Brief Financials (Rs. Crore)	FY17 (A)	FY18 (A)
Total Operating Income	136.61	158.69
PBILDT	17.84	20.21
PAT	7.91	8.61
Overall Gearing (times)	0.35	0.41
Interest Coverage (times)	5.90	4.16

A – Audited

PAIL reported total operating income of Rs.70.76 crore and PAT of Rs.3.16 crore during H1FY19 (UA) compared to total operating income of 53.61 crore and PAT of Rs.3.01 crore reported during H1FY18.

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:
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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/ ST-Cash Credit	-	-	-	35.00	CARE BBB+; Stable / CARE A2+
Non-fund-based - LT-Bank Guarantees	-	-	-	70.00	CARE BBB+; Stable
Non-fund-based - ST-Letter of credit	-	-	-	7.00	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/ ST-Cash Credit	LT/ST	35.00	CARE BBB+; Stable / CARE A2+	-	1)CARE BBB+; Stable / CARE A2+ (08-Dec-17)	1)CARE BBB+; Stable / CARE A2+ (19-Dec-16)	1)CARE BBB+ / CARE A2+ (06-Oct-15)
2.	Non-fund-based - LT-Bank Guarantees	LT	70.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (08-Dec-17)	1)CARE BBB+; Stable (19-Dec-16)	1)CARE BBB+ (06-Oct-15)
3.	Non-fund-based - ST-Letter of credit	ST	7.00	CARE A2+	-	1)CARE A2+ (08-Dec-17)	1)CARE A2+ (19-Dec-16)	1)CARE A2+ (06-Oct-15)

UTI Mutual Fund
December 12, 2018

Ratings

Scheme Name	Rating[2]	Rating action
UTI Overnight Fund	**CARE AAAmfs [Triple A mfs]**	Assigned

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has assigned the credit quality rating of 'CARE AAAmfs' (Triple A mfs) to UTI Overnight Fund. The fund is managed by UTI Asset Management Company Limited.

Schemes rated 'AAAmfs' are considered to have the highest degree of safety regarding timely receipt of payments from the investments that they have made.

CARE's fund credit quality ratings are opinions on the overall credit quality of specific Debt Mutual Fund scheme. CARE's fund credit quality rating is not a recommendation to purchase, sell, or hold a security / fund. It neither comments on the current market price, suitability for a particular investor nor on the prospective performance of the fund with respect to appreciation, volatility of net asset value (NAV), or yield of the fund. The ratings do not address the funds ability to meet the payment obligations to the investors.

The fund ratings capture fund's overall exposure to default risk. CARE's fund credit quality ratings are based on evaluation of the fund's investment strategy and portfolio credit risk. It also involves evaluation of credit quality of individual assets, diversification of portfolio, management quality and operational policies. CARE uses the concept of credit scores, assigned to individual securities, as per credit scoring matrix developed by CARE.

CARE reviews the rated mutual fund scheme on an ongoing basis to support its published rating opinions. As such, monthly reports of the fund are examined. While the fund has to maintain the fund credit score within the benchmark fund scores, in a particular month, if the fund credit score breaches the benchmark, CARE provides one month to the asset management company (AMC) to realign the score.

Analytical approach: Assessment of underlying credit quality of the debt schemes.

Applicable Criteria

CARE's Fund Credit Quality rating Criteria

About the Fund

UTI Overnight Fund was launched by UTI Asset Management Company Limited in November 2003. The primary objective of the Scheme is to generate reasonable income, with low risk and high level of liquidity from a portfolio of overnight securities having a maturity of one day. However, there can be no assurance that the investment objective of the scheme will be realized. The fund's assets under management stood at Rs.642.88 crore as on October 31, 2018.

Profile of the AMC

UTI AMC was incorporated on November 14, 2002 and commenced operations from February 1, 2003. UTI AMC has been promoted by four sponsors, namely, SBI, LIC, Bank of Baroda and PNB and each of them hold 25% of the paid up capital of UTI AMC. UTI AMC was converted from a private limited company to a limited company with effect from November 14, 2007.On January 20, 2010, T.Rowe Price Group Inc. through its wholly owned subsidiary T.Rowe Price Global Investment Services Ltd. U.K (TRP) acquired 26% stake in UTI AMC after obtaining all the requisite approvals from the GOI, SEBI and RBI.

UTI AMC is the investment manager to the schemes of UTI Mutual Fund. It also manages the offshore funds and provides support to the Specified Undertaking of the Unit Trust of India. UTI AMC is also a SEBI registered portfolio manager and offers discretionary, non-discretionary and advisory services to high net worth clients, corporates and institutions. UTI AMC

[2] *Complete definitions of the ratings assigned are available at www.careratings.com*

is appointed as the portfolio manager by the Government of India for the National Skill Development and funds of the Postal Life Insurance.
UTI AMC has a wide portfolio to suit the varied needs of investors supported by industry-led best practices, long-term vision, and shareholder values. With 150 branches, 47,000 highly trained IFAs, 320 Chief Agents and Business Development Associates and over 1 crore investor accounts, UTI AMC is one of the leading financial institutions with a pan Indian presence.

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**

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
UTI Overnight Fund	-	-	-	-	CARE AAAmfs

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument	Current Ratings			Rating history		
		Type	Amount o/s (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
1.	UTI-Treasury Advantage Fund	An Open-ended low duration debt scheme	-	CARE AAA mfs	CARE AAA mfs (06-Jul-18)	CARE AAA mfs (07-Jul-17)	CARE AAA mfs (15-Jul-16)
2.	UTI – Short Term Income Fund	An Open-ended short term debt scheme	-	CARE AAA mfs	CARE AAA mfs (06-Jul-18)	CARE AAA mfs (07-Jul-17)	CARE AAA mfs (15-Jul-16)

Tightwell Fastners
December 12, 2018

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[3]	Rating Action
Long-term Bank Facilities	8.46	**CARE BB; Stable (Double B; Outlook: Stable**	Assigned
Total Facilities	**8.46 (Ruppes Eight Crore and Forty Six Lakhs only)**		

Details of instruments/facilities in Annexure-I

Detailed Rationale and key rating drivers

The rating assigned to the bank facilities of Tightwell Fasteners (TWF) is constrained by its small scale of operations with low PAT margins. The rating is further constrained by exposure to raw material price volatility, partnership nature of constitution and firm's presence in highly competitive and fragmented industry. The rating, however, derives strength from experienced partners, long track record of operations moderate solvency position, moderate operating cycle and association with reputed customer base.

Going forward, the ability of the firm to scale up its operations while improving its profitability margins and maintaining its overall solvency position would remain the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced partners and long track record of operations

Mr. Anshul Kumar, Mr. Sunil Narwal and Mrs. Sanju Narwal have an industry experience of 30 years, 25 years and 15 years respectively through their association with TWF and group concern. The partners have adequate acumen about various aspects of business which is likely to benefit TWF in the long run. Furthermore, the partners are supported by experienced team having varied experience in the field of technical, marketing and finance aspects of business. The long track record has aided the firm in establishment of strong relationships with suppliers & customers.

Moderate capital structure and debt coverage indicators

The capital structure of the firm remained moderate marked by overall gearing ratio of 0.82x as on March 31, 2018. Despite of withdrawal of funds of Rs.1.97 crore in FY18, overall gearing ratio improved marginally form 0.88x as on March 31, 2017 mainly due lower utilization of working capital limits as on last balance sheet date as compared to previous year.

Further, the debt coverage indicators of the firm remained moderate marked by interest coverage ratio of 3.00x in FY18 (PY: 3.04x) and total debt to GCA ratio of 4.91x for FY18. The total debt to GCA ratio improved from 6.61x for FY17 due to decline in debt levels of the firm coupled with increase in GCA of the firm in FY18.

Moderate operating cycle

The operating cycle of the firm stood moderate at 44 days for FY18 (PY: 81 days). The firm is required to maintain adequate inventory in the form of raw material to ensure smooth production process and finished goods to meet the demand of customers timely. This resulted into average inventory period of 86 days for FY18 (PY: 102 days). The firm offers a credit period of one month to its customers resulting into average collection period of 27 days for FY18 (PY: 23 days). On the supplier side, the firm receives flexible credit period ranging from one two months from its suppliers resulting into average creditor period of 69 days for FY18 (PY: 44 days). However, the current ratio and quick ratio stood weak at 0.86x and 0.31x respectively in FY18.

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

Reputed customer base

The firm is engaged in the manufacturing of auto components and is supplying to various reputed customers Sales to top 4 customers comprised 30% of the total revenue in FY18. The association with reputed customers lends support to the quality of the products b0eing manufactured. Further, the firm has been receiving repetitive orders from its customers.

Key Rating Weaknesses

Small scale of operations with low PAT margins

The scale of operations of the firm remained small marked by total operating income (TOI) of Rs.46.67 crore in FY18. The GCA of the firm also remained small at Rs.1.49 crore in FY18. The small scale limits the financial flexibility of the firm in times of stress and deprives it of scale benefits. The PBILDT margins of the firm stood moderate at 4.80% in FY18. However, PAT margin stood below unity during last three financial years owing to high interest and depreciation costs.

Susceptibility of margins to fluctuations in raw material prices

The main raw materials used by the firm are iron bars, coils, pipes, and forge parts etc. Raw material cost is a major contributor to total operating cost, thereby making profitability sensitive to raw material prices mainly due to the reason that the major raw material is commodity in nature and witnesses frequent price fluctuations. The prices of iron and steel are driven by international prices, apart from domestic demand supply factors and therefore remain volatile. Thus any adverse change in the prices of the raw material may affect the profitability margins of the firm.

Constitution of the entity being a partnership firm

TWF's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partner(s). Moreover, partnership firms have restricted access to external borrowing as the credit worthiness of partner(s) would be the key factors affecting credit decision for the lenders.

Competitive and fragmented nature of industry albeit favorable growth prospects

The auto component sector is largely unorganized with about 10,000 players operating in the unorganized market and there are about 700 players in the organized market. Unorganized players mainly dominate the replacement market. However, in terms of turnover, organized market holds about 85% share .The Indian auto component industry is a highly fragmented industry.

However, going forward, CARE Ratings expects the auto industry to continue witnessing healthy growth as the disruptions caused by various policy implementations (demonetization, ban on BS-III vehicles, GST, rate revisions) have almost moderated. Also, demand is expected to improve on back of various initiatives taken by the government in the Union Budget 2019 for the Agriculture and Infrastructure sectors.

Analytical Approach: Standalone

Applicable Criteria

CARE's 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 Firm

Tightwell Fasteners (TWF) is a partnership firm established in 1976. It is currently being managed by Mr. Anshul Kumar, Mr. Sunil Narwal and Mrs. Sanju Narwal as partners. The firm is engaged in the manufacturing of fasteners and other OEM parts at its manufacturing facility located in Rohtak, Haryana with an installed capacity of manufacturing 3.50 crore pieces per annum as on October 31, 2018. The main products include Precision turned parts, fasteners, sharp, axles, etc. The firm is IATF 16949:2016 certified (International Standard for Automotive Quality Management Systems).

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	45.46	46.67
PBILDT	2.05	2.24
PAT	0.24	0.28
Overall gearing (times)	0.88	0.82
Interest coverage (times)	3.04	3.00

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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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over nearly 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	-	-	August 2020	3.46	CARE BB; Stable
Fund-based - LT-Cash Credit	-	-	-	5.00	CARE BB; 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	3.46	CARE BB; Stable	-	-	-	-
2.	Fund-based - LT-Cash Credit	LT	5.00	CARE BB; Stable	-	-	-	-

Shree Cement Limited
December 12, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings[4]	Rating Action
Long Term Bank Facilities	1100.00	**CARE AAA; Stable (Triple A; Outlook: Stable)**	Reaffirmed
Short Term Bank Facilities	800.00	**CARE A1+ (A One Plus)**	Reaffirmed
Total	**1,900.00 (Rs. One Thousand Nine Hundred crore only)**		
Instruments	**Amount (Rs. crore)**	**Ratings[1]**	**Rating Action**
Commercial Paper	300.00 **(Rs. Three Hundred crore only)**	**CARE A1+ (A One Plus)**	Reaffirmed
Proposed Non-Convertible Debenture	-	**-**	Withdrawn

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities and instruments of Shree Cement Limited (SCL) continue to derive strength from rich experience of the promoters and qualified management team, sizeable portfolio of surplus funds despite continuous capacity expansion, strong financial risk profile and operating efficiency resulting in the company being the low cost producer of cement and geographical diversification of existing operations after creating leadership in the Northern region. However, the ratings are tempered by the cyclical nature of the cement industry and exposure of the company's profitability to volatility in prices of inputs. The rating also factors in the recent acquisition of the Union Cement Company (UCC), UAE.

Going forward, the ability of the company to maintain its cost competitiveness and profitability along with ensuring optimum capacity utilization, maintain liquidity/low net debt position, overall performance of UCC and any other major debt funded capex or acquisition form the key rating sensitivities.

CARE has withdrawn the rating assigned to the proposed non-convertible debentures with immediate effect, at the company's request. The aforementioned non-convertible debenture rated by us, as confirmed by the company, was not placed and there is no amount outstanding under the instrument as on date.

Detailed description of the key rating drivers

Key Rating Strengths

Rich experience of the promoters and qualified managerial team

Mr. B. G. Bangur, the promoter & Chairman of SCL, is an eminent industrialist. Mr. H. M. Bangur (son of Mr. B. G. Bangur), MD, is a qualified Chemical Engineer. He was also a member of the Executive Committee of FICCI. Under his leadership, the company has grown significantly and has become a strong cement player in India. Mr. Prashant Bangur (son of Shri H.M. Bangur), graduate from the ISB, Hyderabad, is actively involved in all strategic, policy and operational matters of the company.

Strong operating efficiency

SCL enjoys strong operating efficiency which makes it one of the low cost cement producing company in India. The strong operating efficiency of the company arises on account of being 1) lowest consumer of fuel per tonne & usage of waste heat recovery power plants resulting in low power and fuel cost per tonne; 2) 100% availability of the captive power plant; 3) sale of blended cement thereby resulting in reduced consumption of energy and raw materials per tonne of cement and 4) use of split-grinding units which ensures logistical advantages.

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

Strong financial risk profile

SCL has two business segments viz.

- ✓ **Cement**

On an annualized basis, SCL's cement division sales witnessed a growth of around 17% during FY18 (refers to the period April 1 to March 31) mainly at the back of improvement in net realizations and volumes in FY18 vis-à-vis in FY17. During FY18, PBILDT margin from the said division stood at 26.15% as against 29.36% in FY17. In H1FY19, the cement division remained under pressure due to increased cost of fuel and transportation, however, there was an increase in realizations in Q2FY19 vis-à-vis Q1FY19. CARE notes that in H1FY19, the performance of the cement division was also impacted due to write off investments in preference share of Infrastructure Leasing and Financial Services Ltd (CARE D) and IL&FS Financial Services Ltd (IL&FS Group) and marked to market forex loss on account of unhedged portion of the ECB exposure availed for Kodla unit. As on December 3, 2018, SCL has hedged around 80% of the said exposure.

- ✓ **Power**

In the power division, during FY18 unit sales declined to 1197 MU as against 1658 MU in FY17. Although, average sales per unit marginally increased in FY18, in light of increasing costs, the company's power business showed a sharp decline in its reported segment PBILDT from Rs.156.50 crore to Rs.14.43 crore in FY18. This was due to decreased contribution from lower sales volume and increasing cost of generation on the back of rising fuel prices. However, with increase in both realizations and units sold, the power division, PBILDT improved significantly in H1FY19.

- ✓ **Overall**

On an annualized basis, SCL's revenue increased by 13.68% during FY18 over FY17 due to higher sales in the cement division. On account of increasing costs in the cement division in H2FY18, which is the major contributor to PBILDT, the margin deteriorated in FY18, to 27.37% from 31.70% in FY17. Interest coverage and other liquidity indicators continued to be comfortable. The total debt/GCA as on March 31, 2018was comfortable at 1.12x vis-à-vis 0.42x as on March 30, 2017 despite substantial term loan was disbursed during year end,. The overall gearing remained comfortable at 0.42x as on March 31, 2018.

During H1FY19, the company's total operating income increased by 19.85% over the corresponding period, backed by increase in sales volumes and realizations, post commencement of enhanced capacities during the period. The PBILDT, however, declined marginally, over the corresponding period, as margins remained constrained on account of increasing costs.

Liquidity- Comfortable liquidity position with high level of cash surplus

The company's liquidity position continued to remain comfortable, despite continuous capex and acquisition marked by comfortable capital structure and solvency ratios. The company had cash, bank and liquid investments of Rs.2815 crore as on Sep 30, 2018 vis-à-vis Rs.5755 crore (including disbursed loan of Rs.1613 crore for Kodla Unit) as on March 31, 2018, due to the aforementioned factors. The company earned a GCA of Rs. 842.78 crore in H1FY19 against a debt repayment obligation of Rs.8.99 crore during the year.

Strong presence in North India with established brand, however, has diversified with growth in Eastern and Southern India and acquisition in UAE (United Arab Emirates)

.SCL is one of the strongest players in the Northern regions with operating units at Rajasthan, Haryana, Uttar Pradesh and Uttarakhand. Notwithstanding the regional dominance, the company has gradually forayed into Eastern regions as well with operating units at Chhattisgarh and Bihar. Over last couple of years, SCL's aggregate cement sales to the Eastern region (Bihar, Chhattisgarh, West-Bengal, Jharkhand and Odisha) has increased from 16% in FY16 to 24% in FY18. It has also commissioned the grinding division of its integrated unit in Kodla, Karnataka. On July 11, 2018, SCL has completed acquisition of UCC, UAE by purchasing 97.61% equity stake in the company through a step down subsidiary by using liquid investments and internal accruals. UCC has a grinding capacity of 4.0 mtpa. Going forward, the overall performance of UCC is a key rating sensitivity.

Key Rating Weakness

Volatility in input and finished goods prices

Limestone along with power and fuel constitutes key inputs in the process of cement manufacturing. For limestone, the company is entirely dependent on its captive mines at Rajasthan, Chhattisgarh and Karnataka. For fuel, the company is largely dependent on imported pet-coke and coal.

The company's coal linkages are not adequate, hence the company is still dependent on the imported coke/coal; thus, exposing SCL to risk arising on account of the volatility in the raw material prices. While the price of cement is influenced by demand-supply equilibrium in the region, the realization of the power is dependent on the exchange prices which are volatile. Hence any adverse movement in the prices of pet coke or coal affects its profitability.

Cyclical nature of cement industry

Cement industry is highly cyclical in nature and depends largely on the economic growth of the country. There is a high degree of correlation between the GDP growth and the growth in cement consumption. Cement being a cyclical industry goes through phases of ups and downs, and accordingly impacts the unit realizations.

Outlook of cement industry

Going forward, while the cement industry would continue to witness cyclical trends due to inherent nature of the industry, long-term outlook for the cement sector is stable. The demand outlook for the sector is expected to be favourable given the continued government focus on affordable housing, infrastructure projects especially the irrigation projects gaining momentum and also the likely impact of pre-election demand and dwindling impact of demonetisation, GST and RERA. Further, gradual recovery in demand from rural segment and improvement in sand availability in states where there was a ban is also envisaged as positive. Also upward price correction is likely in the near term to compensate for the increasing costs.

Despite the pricing pressure and increasing costs, with favourable demand outlook, the credit profiles of the cement players are expected to be stable.

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 – Manufacturing Companies
CARE's methodology for cement companies
Financial Ratios – Non-Financial Sector

About the company

Incorporated in 1979, Shree Cement Limited (SCL) belongs to Mr. B.G.Bangur - H. M. Bangur faction of Bangur family of Kolkata. The company is engaged in manufacturing of cement with an installed capacity of 37.90 million tonne per annum (mtpa) (41.90 mtpa on a consolidated level) as on Sep 30, 2018 with its facilities spread across Rajasthan, Chattisgarh, Uttarakhand, Bihar, Haryana, Uttar Pradesh and Karnataka. The company sells cement under the brand name of Shree Ultra, Bangur and Rockstrong.

SCL is also engaged in generation of power with an installed capacity of 639.7 MW (*499 MW coal based thermal power plants and balance waste heat recovery systems*).

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	8934.27	10156.75
PBILDT	2831.93	2779.57
PAT	1339.11	1384.18
Overall gearing (times)	0.21	0.42
Interest coverage (times)	21.88	20.55

A: Audited

Status of non-cooperation with other 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

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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
Non-fund-based - ST-BG/LC	-	-	-	800.00	CARE A1+
Fund-based - LT-Cash Credit	-	-	-	1100.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	-	-	-	0.00	Withdrawn
Short Term Instruments-CP	-	-	-	300.00	CARE A1+

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.	Term Loan-Long Term	-	-	-	-	1)Withdrawn (26-Sep-17)	1)CARE AAA (23-Sep-16)	1)CARE AAA (01-Oct-15)
2.	Non-fund-based - ST-BG/LC	ST	800.00	CARE A1+	-	1)CARE A1+ (22-Jan-18) 2)CARE A1+ (26-Sep-17)	1)CARE A1+ (23-Sep-16)	1)CARE A1+ (01-Oct-15)
3.	Short Term Instruments-CP	ST	300.00	CARE A1+	-	1)CARE A1+ (22-Jan-18) 2)CARE A1+ (26-Sep-17)	1)CARE A1+ (16-Nov-16) 2)CARE A1+ (23-Sep-16)	1)CARE A1+ (01-Oct-15) 2)CARE A1+ (04-Aug-15)
4.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (01-Oct-15)
5.	Fund-based - LT-Cash Credit	LT	1100.00	CARE AAA; Stable	-	1)CARE AAA; Stable (22-Jan-18) 2)CARE AAA; Stable (26-Sep-17)	1)CARE AAA (23-Sep-16)	1)CARE AAA (01-Oct-15)
6.	Debentures-Non Convertible Debentures	LT	-	-	-	1)CARE AAA; Stable (22-Jan-18) 2)CARE AAA; Stable (12-Dec-17)	-	-

Siddharth Oils
December 12, 2018

Rating

Facilities/Instruments	Amount (Rs. crore)	Rating[5]	Rating Action
Long term Bank Facilities	6.00	**CARE B+; ISSUER NOT COOPERATING* (Single B Plus; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information*
Total	**6.00 (Rs. Six crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 13, 017, placed the rating(s) of Siddharth Oils (SO) under the 'issuer non-cooperating' category as SO had failed to provide information for monitoring of the rating. SO continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated December 05, 2018. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating in September 2017 the following were the rating strengths and weaknesses:

Key Rating Strengths

Experienced promoter and long track record of operations

SO has been engaged in the trading of edible and non-edible oil since 2003 and is currently being managed by Mr Munish Gulati. The proprietor has total experience of around 15 years. The long track record of operations has aided the firm in establishing relationship with both customers and suppliers.

Key rating Weaknesses

Small scale of operations with low net-worth base

Despite being operational for nearly 15 years, the firm's scale of operations has remained small marked by total operating income (TOI) of Rs.43.78 crore in FY15 (refers to the period April 01 to March 31). During FY16 (Prov.), the firm has achieved total operating income of Rs.41 crore. The small scale of operations limits the firm's financial flexibility in times of stress and deprives it of scale benefits.

Weak financial risk profile

The profitability margins of the firm stood low marked by PBILDT margin and PAT margin of 1.65% and 0.49%, respectively, in FY15. The PBILDT margin has been low mainly on account of trading nature of business. This apart, interest burden on working capital borrowing restricts the net profitability of the firm. The firm had a highly leveraged capital structure as reflected by long-term debt equity and overall gearing ratios of 1.58x and 6.57x, respectively, as on March 31, 2015. The debt coverage indicators of the firm remained weak as reflected by interest coverage ratio of 1.54x in FY15 and Total debt to GCA of 18.03x as on March 31, 2015.

The operations of the firm are working capital intensive in nature as indicated by full utilisation of cash credit limit during last 12-month period ended May 2016.

[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*

Proprietorship nature of constitution
SO's constitution as a proprietorship firm has the inherent risk of possibility of withdrawal of the proprietor's capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of the proprietor.

Stable business outlook for edible oil industry in India albeit fragmented and competitive nature of industry
The consumption of edible oil in India has been rising during the past few years which can be attributed mainly to economic boom resulting in better standard of living, decline in edible oil prices and growth in demand for fried processed food products. However, the favorable demand prospects of edible oil market are partly offset by the highly fragmented and competitive nature of industry due to presence of large number of unorganised players, presence of large and established players and entry of multinational companies with strong marketing focus in the high end of market.

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
Financial ratios – Non-Financial Sector
Criteria for wholesale trade

About the firm
Siddharth Oils (SO), a proprietorship firm, was established in 2003, and is being managed by Mr. Munish Gulati. The firm is engaged in the trading of edible oil and non-edible oil. The major customers of the firm for the edible oil include-Hindustan Uni Lever Limited, VVF India Limited and Wipro Limited. The non-edible oil is sold to various wholesalers in industries such as cosmetics, soaps, plastic additives and rubber.

Brief Financials (Rs. crore)	FY14 (A)	FY15 (A)
Total operating income	32.32	43.78
PBILDT	0.55	0.72
PAT	0.17	0.22
Overall gearing (times)	5.35	6.57
Interest coverage (times)	1.58	1.54

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-Cash Credit	-	-	-	6.00	CARE B+; Issuer not cooperating; Based on best available information

**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	6.00	CARE B+; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B+ (13-Sep-17);ISSUER NOT COOPERATING	1)CARE B+ (06-Jun-16)	-

**Issuer not cooperating; Based on best available information*

Knitcraft Apparels International Private Limited
December 12, 2018

Ratings

Facility	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term/ Short-term Bank Facilities	35.00	**CARE BB+; Stable/ CARE A4+ (Double B Plus; Outlook: Stable/ A Four Plus)**	**Assigned**
Total facilities	**35.00 (Rs. Thirty Five Crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of KAI are primarily constrained by modest and declining scale of operations, leveraged capital structure, working capital intensive nature of operations, volatility in raw material prices and labour intensive nature of industry. The ratings further constrained by foreign currency fluctuation risk and highly competitive nature industry resulting in stiff competition along with changing fashions trends. The ratings, however, draw comfort from experienced management with long track record of operations, reputed customer base, moderate profitability margins, capital structure & debt coverage indicators.

Going forward; ability of the company to profitably increase its scale of operations while improvement in capital structure along with efficient management of the working capital requirements, shall be the key rating sensitivity.

Detailed description of the key rating drivers

Key rating weaknesses

Modest and declining scale of operations: The scale of operations of the company stood modest as marked by total operating income and gross cash accrual of Rs.121.36 crore and Rs.5.31 crore for FY18 (FY refers to period April 1 to March 31). However, the company's total operating income has been declining on y-o-y basis over the past three years (FY16-FY18) mainly on account of lower quantity sold owing to increase in competition levels. The modest scale limits the company's financial flexibility in times of stress and deprives it of scale benefits. The company has achieved the total operating income of around Rs.65.00 crore in 7MFY19 (period refers to April 1 to October 30; based on provisional results).

Leveraged capital structure: The company has debt mainly in form of working capital bank borrowings and unsecured loans from promoters. The capital structure stood leveraged marked overall gearing of above 1.70x as on past three balance sheet dates ending March 31, '16-'18 mainly on account of high reliance on external borrowings to meet working capital requirement.

Working capital intensive nature of operations: The company has high inventory holding period mainly on account of extensive production process whereby it procures yarn and sells final products to its customers. The apparels are manufactured as per the design and specification of the customers. Also, the finished products are dispatched after various quality checks. Entailing the same resulted into high inventory holding period of 193 days for FY18. The firm has to offer reasonable credit period of around 2-3 months to its customers as a majority of them are large sized players who possess high bargaining power. The high working capital requirements were met largely through unsecured loans coupled with bank borrowings which resulted into almost fully utilization of its sanctioned working capital limits.

Though, the liquidity indicator stood moderate as marked by current ratio of 1.41x as on March 31, 2018; however high operating cycle with almost full utilization of working capital borrowings and instances of availment of adhoc limits indicates the weak liquidity position of the company. The cash and bank balances stood at to Rs.1.37 crore as on March 31, 2018.

Volatility in raw material prices: Major raw materials used by KAI include cotton/cotton yarn prices of which have remained volatile as they are driven by various factors like, area under cultivation, yield for the year, government regulation and pricing, etc. Hence, profitability of the company is highly susceptible to raw material price fluctuation and has therefore exhibited considerable volatility in the past.

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

Foreign currency fluctuation risk: With initial cash outlay for procurement in domestic currency as imports are negligible and significant chunk of sales realization in foreign currency, the firm is exposed to the fluctuation in exchange rates. However, the firm hedges around 70% of its export receivable through forward contracts which exposes the firm to any sharp appreciation in the value of rupee against foreign currency of uncovered portion which may impact its cash accruals.

Highly competitive and fragmented industry resulting in stiff competition coupled with changing fashions trends: FFIPL operates in a highly fragmented industry wherein there is presence of a large number of players in the unorganized and organized sectors. There are number of small and regional players catering to the same market which has limited the bargaining power of the company and has exerted pressure on its margins.

Key rating strengths

Experienced management and long track record of operations: The company is currently being managed by Mr Krishan Kumar Khurana and family members. The directors and management have extensive experience in textile industry through their association with this entity and other family owned business. Further, KAI has been operating in this business for nearly two decades, which aid in establishing a healthy relationship with both customers and suppliers.

Reputed customer base though concentrated: KAI has been operational for more than two decades and has been able to established long-term relationship with multinational apparel companies. The company's customers include multinational retail brands. Though, the top three customers contribute around 50% of its total operating income; which exposes KAI's revenue growth and profitability to its customer's future growth plans. However, the company has longstanding relationships of ~3-4 years with some of its customers. The same is evidence of company's product acceptance in the market. Association with reputed customers coupled with repeated orders enhances the image of the company in the market regarding product quality.

Moderate profitability margins, capital structure and debt coverage indicators: The profitability margins of the company stood moderate marked by PBILDT and PAT margins for past three financial years (i.e. FY16-FY18). The PBILDT margin and PAT margin stood at 10.17% and 1.30% respectively in FY18 as against 8.77% and 1.24% respectively in FY17. The improvement in profitability margin was on account of higher sale of product bearing better profitability margins. Further, the coverage indicators of the company marked by interest coverage and total debt to GCA stood moderate at below 10 times and at around 2 times respectively for past three financial years i.e. FY16-FY18.

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 – Manufacturing Companies
Financial ratios – Non-Financial Sector

About the company

Delhi based Knitcraft Apparels International Private Limited (KAI) was incorporated in 2007. KAI has succeeded an erstwhile partnership firm Knitcraft Apparels International established in 1999. The company is currently being managed Mr. Sanjay Khurana, Mr. Krishan Kumar Khurana, Mr. Sandeep Khurana, Mrs. Indu Khurana, Mrs. Sarita Khurana, and Mr. Sanchit Khurana. KAI is predominantly an export oriented unit and engaged in manufacturing of readymade garments.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	141.70	121.36
PBILDT	12.42	12.35
PAT	1.75	1.58
Overall gearing (times)	1.72	1.72
Interest coverage (times)	2.10	1.91

A-Audited

Status of non-cooperation with previous CRA: Brickworks has conducted the review and has classified Knitcraft Apparels International Private Limited as “Not Cooperating” vide its press release dated March 26, 2018.

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/ ST-Packing Credit in Indian rupee	-	-	-	25.00	CARE BB+; Stable / CARE A4+
Fund-based - LT/ ST-Bills discounting/ Bills purchasing	-	-	-	10.00	CARE BB+; Stable / 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/ ST-Packing Credit in Indian rupee	LT/ST	25.00	CARE BB+; Stable / CARE A4+	-	-	-	-
2.	Fund-based - LT/ ST-Bills discounting/ Bills purchasing	LT/ST	10.00	CARE BB+; Stable / CARE A4+	-	-	-	-

Vitrag Foam Private Limited
December 12, 2018

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[6]	Rating Action
Long term Bank Facilities	4.35	**CARE BB-; ISSUER NOT COOPERATING* (Double B Minus; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Short term Bank Facilities	9.18	**CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Total	**13.53 (Rs. Thirteen crore and fifty three lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 12, 2017, placed the rating(s) of Vitrag Foam Private Limited. (VFPL) under the 'issuer non-cooperating' category as VFPL had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. VFPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated October 30, 2018, November 06, 2018, November 13, 2018, November 20, 2018, November 27, 2018, December 03, 2018. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on September 12, 2017, the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Fluctuating Scale of operations and profitability: Scale of operations improved by 28.20% and stood at Rs.24.05 crore during FY17 provisional as against Rs.18.76 crore during FY16 and Rs.27.57 crore reported during FY15 owing to fluctuating demand for its products. Consequently, both operating profit and net profit remained fluctuating while GCA stood low at Rs.0.41 crore.

Comfortable capital structure and moderate debt coverge indicators: Solvency position remained comfortable as indicated by an overall gearing of 0.93 times as on March 31, 2017 (Provisional) as against 0.76 times as on March 31, 2016. Further debt coverage indicators stood moderate marked by Total debt to GCA stood at 8.99 times and interest coverage ratio stood at 1.86 times.

Moderate liquidity position

As on March 31, 2017 (Provisional), VFPL's liquidity position remained moderate as indicated by current ratio of 1.75 times (FY16 1.97 times). Quick ratio remained at 1.30 times during FY17 (Provisional) as against 1.34 times during FY16. Also, working capital cycle deteriorated and remained elongated at 97 days in FY17 as against 84 days in FY16. Cashflow from operating activity stood at negative Rs.0.06 crore during FY 17 (Provisional) and cash and bank balance stood at Rs.0.05 crore. Working capital utilization stood at 50-60% during the year.

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

**Based on best available information*

Key Rating Strenghts

Experienced promoters: VFPL is managed Mr Kalpesh Shah, Mr Bhartesh Shah & Mr Manish Shah. Mr Kalpesh Shah has experience of more than a decade into similar line of operations and looks after overall operations with purchase and sales. Mr Bhartesh Shah has experience of more than a decade in the industry and looks after production and quality control. Mr Manish Shah has experience of more than a decade in the industry looks after finance and administrative functions.

Long track record of operations

Established in the year 1995, VFPL has long track record of operations. Over the period it has established marketing and distribution network and has presence in the states such as Rajasthan, Andhra Pradesh, Maharashtra, Uttar Pradesh & Delhi.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
Rating Methodology-Manufacturing Companies
Criteria for Short Term Instruments

About the Firm

Himmatnagar (Gujarat) based Vitrag Foam Private Limited (VFPL) was incorporated in July 1995 as a private limited company. VFPL is into the business of manufacturing of Polyurathane Foam (P U Foam) and supplier of Mattresses and allied products such as P U Mattresses, Sofa cum Bed, Foam Cushions and Yoga Mats. VFPL markets its products under the brand 'EasySleep'. Currently, VFPL is managed by Mr Kalpesh Shah, Mr Bhartesh Shah & Mr Manish Shah. VFPL operates from its sole manufacturing facility located in Himmatnagar (Gujarat) and has an installed capacity of 3,000 MTPA as on March 31, 2016. VFPL markets its products in the states of Rajasthan, Andhra Pradesh, Maharashtra, Uttar Pradesh & Delhi through 40 distributors network. VFPL also operates three exclusive showrooms in Gujarat to cater to increasing demand for its products.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (Prov.)
Total operating income	24.05	18.76
PBILDT	1.01	1.17
PAT	0.20	0.29
Overall gearing (times)	0.76	0.93
Interest coverage (times)	1.28	1.86

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-Cash Credit	-	-	-	4.35	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	9.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Forward Contract	-	-	-	0.18	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on 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-Cash Credit	LT	4.35	CARE BB-; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB-; ISSUER NOT COOPERATING* (12-Sep-17)	1)CARE BB- (17-Jun-16) 2)Suspended (11-Apr-16)	1)CARE BB- (17-Jul-15) 2)Suspended (10-Apr-15)
2.	Non-fund-based - ST-BG/LC	ST	9.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (12-Sep-17)	1)CARE A4 (17-Jun-16) 2)Suspended (11-Apr-16)	1)CARE A4 (17-Jul-15) 2)Suspended (10-Apr-15)
3.	Non-fund-based - ST-Forward Contract	ST	0.18	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (12-Sep-17)	1)CARE A4 (17-Jun-16) 2)Suspended (11-Apr-16)	1)CARE A4 (17-Jul-15) 2)Suspended (10-Apr-15)

*Issuer did not cooperate, Based on best available information

Datamatics Business Solution Limited
December 12, 2018

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[7]**	**Rating Action**
Long-term Bank Facilities	-	-	**Withdrawn**
Long / Short-term Bank Facilities	-	-	**Withdrawn**
Short-term Bank Facilities	-	-	**Withdrawn**
Total	**-**		

Details of instruments/facilities in Annexure-1

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the outstanding ratings of 'CARE BBB+; Stable (Triple B Plus; Outlook: Stable)/ CARE A2+ (A Two Plus) assigned to the bank facilities of Datamatics Business Solution Limited with immediate effect. The above action has been taken at the request of Datamatics Business Solution 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]
[Criteria on assigning Outlook to Credit Ratings]
[CARE's Policy on Default Recognition]
[Criteria for Short Term Instruments]
[Rating Methodology - Service Sector Companies]
[Financial ratios – Non-Financial Sector]

Detailed description of the key rating drivers

Key Rating Strengths

Experienced Promoters: DBSL continues to avail support from the strong management headed by Dr. Lalit Kanodia, the founder of the Datamatics Group, who is a B.Tech from IIT and an MBA and PhD from MIT, USA and is regarded as one of the pioneers of the Indian software and offshore services industry. Moreover, Mr Yogendra Kanodia the Chairman and Managing Director of the company also has rich, multi-functional experience of over 37 years in international and domestic markets across diverse sectors. He also possesses a B.Tech degree from IIT, Mumbai and an MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr Yogendra Kanodia along with his team of professionals leads and manages the day-to-day affairs of the company.

Diversified revenue profile and service offerings: DBSL offers diversified revenue profile and service of voice and non-voice based business outsourcing solutions such as database management, lead generation, payroll processing and human resources, intelligence business analysis, finance and accounting and Registrar and Transfer (R&T) services and is a SEBI Category 1 Registrar and Share Transfer Agent.

Comfortable capital structure and debt coverage indicators: DBSL's comfortable capital structure has improved with overall gearing of 0.22x as on March 31, 2018 vis-a-vis 0.36x as on March 31, 2017 primarily on account repayment of term loan in FY18 and accretion of profit to the net worth.
Furthermore during FY18, DBSL has given ICD amounting to Rs.12.25 crore to Matix Fertilizers & Chemicals Limited (rated CARE D). Adjusting for the same adjusted overall gearing also deteriorated to 0.26x as on March 31, 2018 (0.44x as on March 31,2017). However, owing to lower debt level coupled with improved gross cash accruals (which increased by

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

34.69% in FY18 as compared to FY17) total debt to GCA deteriorated to 1.25x in FY18 as compared to 2.44x in FY17. Furthermore, the interest coverage deteriorated significantly to 7.46x in FY18 from 12.46x in FY17 on account of increased interest cost due to higher utilization of the working capital limits and lower PBILDT margins. However it remained comfortable in FY18.

Comfortable liquidity position: DBSL's cash flow from operation stood positive at Rs.7.34crore as on March 31, 2018 as compared to Rs. 4.97 crore as on March 31, 2017. Further it has sufficient liquidity position in form of lower utilization of working capital limits. However comfort can be drawn from the fact that DBSL has healthy liquidity position marked by investments & free cash and bank balance.

Healthy profitability margins: The PBILDT margin has declined from 15.82% in FY17 to 14.82% in FY18 primarily on account of increase in the employee cost. However PAT margin improved from 9.96% in FY17 to 11.12% in FY18 on account of non-operating income earned by the company of Rs. 6.11 crore through profit on sale of investment and dividend received on investments in FY18.

Key Rating Weaknesses

Competition from BPOs, KPOs and R&T agents: DBSL faces huge competition from strong industry players with strong technical and financial prowess. The company also faces competition from smaller outsourcing firms for its outsourcing and transaction services and financial services companies for its investor services and other finance related services.

About the Company

Incorporated in 1981, Datamatics Financial Services Limited (DFSL) and later July 17, 2017 changed its name to Datamatics Financial Services Limited (DBSL), is engaged in providing voice and non-voice based business outsourcing solutions and also provides Registrar and Transfer (R&T) services and is a SEBI Category 1 Registrar and Share Transfer Agent.

Under its R&T services, DBSL offers financial instrument processing services to banks, financial institutions and the corporate sector in India. The outsourcing services provided under its BPO segment are broadly classified into voice and non-voice segment.

The company has its offices located at Marol, Mumbai (Maharashtra) and the UK with operations from its facility at Marol. DBSL is a part of the Datamatics group [with Datamatics Global Services Limited *(being the flagship company)*, a multi-business information technological group engaged in providing a host of software, consulting and outsourcing services (BPO and KPO) in areas which includes content management, accounts and finance, research and analytics, product management, telecommunication solutions and enterprises solutions. The group is headquartered in Mumbai and has presence in U.S.A, U.K., Germany, Australia, Switzerland, Austria, Mauritius and Singapore.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	69.60	77.06
PBILDT	11.01	11.42
PAT	6.93	8.57
Overall gearing (times)	0.44	0.26
Interest coverage (times)	12.46	7.46

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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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
Term Loan-Long Term	-	-	-	0.00	Withdrawn
Fund-based/Non-fund-based-LT/ST	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantees	-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	(June 30, 2022)	0.00	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.	Term Loan-Long Term	LT	-	-	-	1)CARE BBB+; Stable (16-Nov-17)	1)CARE BBB+; Positive (01-Feb-17) 2)CARE BBB+ (29-Apr-16)	-
2.	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	1)CARE BBB+; Stable / CARE A2+ (16-Nov-17)	1)CARE BBB+; Positive / CARE A2+ (01-Feb-17) 2)CARE BBB+ / CARE A2 (29-Apr-16)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	-	-	-	1)CARE A2+ (16-Nov-17)	-	-
4.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB+; Stable (16-Nov-17)	-	-