

May 04, 2020

Derewala Industries Limited: Ratings removed from Issuer-not cooperating category and withdrawn

Summary of rating action

Instrument[^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based (Cash Credit)	14.5	14.5	[ICRA]BB+ (Negative); removed from Issuer Not Cooperating category and Withdrawn
Short Term - Fund Based	33.0	33.0	[ICRA]A4+ removed from Issuer Not Cooperating category and Withdrawn
Long Term / Short Term - Interchangeable	(23.0)	(23.0)	[ICRA]BB+ (Negative)/ [ICRA] A4+ removed from Issuer Not Cooperating category and Withdrawn
Short Term – Non-Fund Based	136.0	136.0	[ICRA]A4+ removed from Issuer Not Cooperating category and Withdrawn
Total	183.50	183.50	

[^]Instrument details are provided in Annexure-1

Rationale

The rating assigned to the borrowing facilities of Derewala Industries Limited (DIL) have been withdrawn in accordance with ICRA's policy on withdrawal and suspension and at the request of the Company, basis the no-objection provided by its lenders. ICRA does not have adequate information to suggest that the credit risk has changed since the time the rating was last reviewed.

The previous detailed rating rationale is available on the following link: [Click Here](#)

Key rating drivers and their description

NA

Liquidity Position:

NA

Rating Sensitivities:

NA

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA policy on withdrawal and suspension of credit rating
Parent/Group Support	Not applicable
Consolidation / Standalone	Not applicable

About the company

The Derewala Group is engaged in the manufacturing and wholesale of silver jewellery for export markets and gold jewellery for domestic market. DIL's manufacturing facilities, with an annual capacity of processing 60,000 kgs, are in Export Promotion Industrial Park (EPIP) in Sitapura Industrial Area in Jaipur (Rajasthan). It exports its products to over 30 countries and has 1200+ employees. Its silver jewellery portfolio includes rings, pendants, necklaces, bracelets, earrings, findings and beaded jewellery, which is supplied to wholesalers and direct marketing companies in the USA, United Kingdom, Sweden, Germany and France. The gold jewellery includes chains, mesh, stamped and gold flick products which are supplied to both wholesalers as well as reputed retailers in India

The Derewala group, promoted by Mr Pramod Agrawal, started its business in 1986 through a proprietorship firm called Derewala Jewellery Manufacturing Company. Later in 2003, Mr Agrawal's brother, Mr Yogendra Garg joined the business and converted the proprietorship into a partnership venture Derewala Jewellery Industries. In April 2007, the promoters converted the partnership firm into a private limited company and then into a public limited company with effect from March 31, 2008. The company was subsequently renamed as Derewala Industries Limited in 2014.

Key financial indicators (audited)

	FY2018	FY2019	9M FY2020*
Operating Income (Rs. crore)	379.5	379.9	272.6
PAT (Rs. crore)	0.7	1.6	3.9
OPBDIT/OI (%)	6.5%	5.4%	6.7%
RoCE (%)	7.3%	6.1%	7.8%
Total Outside Liabilities/Tangible Net Worth (times)	2.4	2.2	2.0
Total Debt/OPBDIT (times)	7.8	9.1	6.8
Interest coverage (times)	1.3	1.4	1.8
DSCR (times)	1.3	1.4	1.7

*Provisional results

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation;
ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2021)						Chronology of Rating History for the Past 3 Years			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating		Date & Rating in FY2020*	Date & Rating in FY2019*	Date & Rating in FY2018*	
				31-Mar-20	4-May-20				22-Apr-20
1 Long-term Fund Based Limits	Long Term	14.5	--		[ICRA]BB+ (Negative); Withdrawn	[ICRA]BB+ (Negative) ISSUER NOT-COOPERATING	-	[ICRA]BB+ (Stable)	[ICRA]BBB- (Stable)
2 Short-term Fund Based Limits	Short-term	33.0	--		[ICRA]A4+; withdrawn	[ICRA]A4+ ISSUER NOT-COOPERATING	-	[ICRA]A4+	[ICRA]A3
3 Long-term/ Short-term Interchangeable (Sub-Limits of Fund Based Limits)	Long Term/ Short-term	(23.0)	--		[ICRA]BB+ (Negative)/ [ICRA]A4+; Withdrawn	[ICRA]BB+ (Negative) ISSUER NOT-COOPERATING / [ICRA]A4+ ISSUER NOT-COOPERATING	-	[ICRA]BB+ (stable)/ [ICRA]A4+	[ICRA]BBB- (stable)/ [ICRA]A3
4 Short-term Non-Fund Based Limits	Short-term	136.0	--		[ICRA]A4+; withdrawn	[ICRA]A4+ ISSUER NOT-COOPERATING	-	[ICRA]A4+	[ICRA]A3

*Update on delay in periodic surveillance also issued in March 2020 (FY2020), October 2018 (FY2019) and July 2017 (FY2018).

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term Fund Based Limits	--	--	--	14.5	[ICRA]BB+ (Negative); removed from Issuer Not Cooperating category and Withdrawn
NA	Short-term Fund Based Limits	--	--	--	33.0	[ICRA]A4+ removed from Issuer Not Cooperating category and Withdrawn
NA	Long-term/Short-term Interchangeable (Sub-Limits of Fund Based Limits)	--	--	--	(23.0)	[ICRA]BB+ (Negative)/ [ICRA] A4+ removed from Issuer Not Cooperating category and Withdrawn
NA	Short-term Non-Fund Based Limits	--	--	--	136.0	[ICRA]A4+ removed from Issuer Not Cooperating category and Withdrawn

Source: DIL

Annexure-2: List of entities considered for consolidated analysis – Not Applicable

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