

July 27, 2022

Hari Darshan Exports Private Limited: Moved to issuer not cooperating category; ratings downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/Short-term: Fund-based Limits	156.00	156.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Ratings downgraded from [ICRA]BBB-(Stable)/[ICRA]A3 and moved to the 'Issuer Not Cooperating' category
Long-term/Short-term: Interchangeable Limits#	(150.00)	(150.00)	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Ratings downgraded from [ICRA]BBB-(Stable)/[ICRA]A3 and moved to the 'Issuer Not Cooperating' category
Long-term/Short-term: Non-fund Based limits	5.00	5.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Ratings downgraded from [ICRA]BBB-(Stable)/[ICRA]A3 and moved to the 'Issuer Not Cooperating' category
Long-term/Short-term: Unallocated Limits	1.00	1.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Ratings downgraded from [ICRA]BBB-(Stable)/[ICRA]A3 and moved to the 'Issuer Not Cooperating' category
Total	162.00	162.00	

^{*}Issuer did not cooperate; based on best available information; #sublimit of Long-term/Short-term: Fund-based Limits

[^]Instrument details are provided in Annexure-1

Rationale

The ratings downgrade considers the lack of adequate information regarding Hari Darshan Exports Private Limited's (HDEPL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with HDEPL, ICRA has been trying to seek information from the entity to monitor its performance but despite repeated requests by ICRA, the entity's management has remained noncooperative. ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. However, despite multiple requests by ICRA, the entity's management has remained non cooperative. In the absence of requisite cooperation and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, the company's rating has been moved to the "Issuer Not Cooperating" category.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here.](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of Non-cooperation by the Rated Entity
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of HDEPL.

About the company

Established in 2003 by Mr. Bhavesh Lakhani and three other partners, Hari Darshan Exports was converted into a private limited company and renamed as HDEPL in March 2014. The company is involved in the cutting and polishing of rough diamonds. HDEPL has eight manufacturing facilities spread across Gujarat and two offices in Mumbai (Maharashtra) for assortment, sales, and management. It also outsources manufacturing to job workers in and around Bhavnagar and Rajkot in Gujarat. HDEPL is an accredited buyer for De Beers and became its sightholder in April 2017. It has also been a sightholder for Alrosa since 2011.

Key financial indicators

HDEPL Standalone	FY2020	FY2021
Operating Income (Rs. crore)	395.5	455.8
PAT (Rs. crore)	6.5	13.1
OPBDIT/OI (%)	5.9%	6.9%
PAT/OI (%)	1.6%	2.9%
Total Outside Liabilities/Tangible Net Worth (times)	1.7	1.5
Total Debt/OPBDIT (times)	6.4	4.6
Interest Coverage (times)	2.3	3.1

Source: HDEPL; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; All ratios as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Type	Current Rating (FY2023)			Chronology of Rating History for the past 3 years			
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020
					Jul 27, 2022		Jan 06, 2021	Apr 06, 2020	
1	Fund-based Limits	Long-term/Short-term	156.00	-	[ICRA]BB+ (Stable)/ [ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	-

2	Interchangeable Limits	Long-term/Short-term	(150.00)	-	[ICRA]BB+ (Stable)/ [ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	-
3	Non-fund Based Limits	Long-term/Short-term	5.00	-	[ICRA]BB+ (Stable)/ [ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	-
4	Unallocated Limits	Long-term/Short-term	1.00	-	[ICRA]BB+ (Stable)/ [ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/Short-term: Fund-based Limits	Simple
Long-term/Short-term: Interchangeable Limits	Simple
Long-term/Short-term: Non-fund Based limits	Very simple
Long-term/Short-term: Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's 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	Pre/Post-Shipment Credit/ Export Packing Credit	-	-	-	156.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING
NA	Interchangeable Limits	-	-	-	(150.00)	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING
NA	Credit Exposure Limit	-	-	-	5.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING
NA	Unallocated Limits	-	-	-	1.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING

Source: Company

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

ANALYST CONTACTS

Jayanta Roy

+91 33 7150 1100

jayanta@icraindia.com

Priyesh Ruparelia

+91 22 6169 3328

priyesh.ruparelia@icraindia.com

Sakshi Suneja

+91 22 6169 3349

sakshi.suneja@icraindia.com

Rishabh Mundada

+91 20 6606 9920

rishabh.mundada@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



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