Press Release

PRH RESOURCES PRIVATE LIMITED (ERSTWHILE H K ENTERPRISES)
April 18, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE BBB | Stable | Reaffirmed	-
Bank Loan Ratings	235.00	-	ACUITE A3+ | Reaffirmed
Total Outstanding Quantum (Rs. Cr)	250.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of **'ACUITE BBB' (read as ACUITE triple B**a**)**nd the short-term rating of **'ACUITE A3+' (read as ACUITE A three plus)**on the Rs.250.00 Cr. bank facilities of PRH Resources Private Limited (Erstwhile H K Enterprises) (PRPL). The outlook is **'Stable'.**

Rationale for rating reaffirmation :

The rating reaffirmation takes into account the expected marginal improvement in the revenues and profitability in FY2025, following a moderation in FY2024. Despite the moderation in FY2024, the group maintained a healthy financial risk profile with a strong net worth and low gearing, supported by moderate debt protection metrics. Additionally, the rating considers the group's strong liquidity position with liquid funds. It also reflects the extensive experience of the promoters, who have more than five decades of experience in the commodities trading industry. The rating remains constrained by moderate nature of its working capital operations and exposure of the group to counterparty credit risk.

About the Company

Established in 2010 (formerly H K Enterprises), PRH Resources Private Limited was incorporated in 2022 by taking over the entire running business and assets/liabilities of H K Enterprises, which was previously a partnership firm. The company imports coal and coke from South Africa, Indonesia, Singapore, Switzerland, andAustralia, as well as materials such as iron shredded scrap, heavy melting scrap, sponge iron, iron ore, billets, plates, and plastics from Gulf countries, China, Russia, and USA. The company is currently independently managed by Mr. Sandeep Hisaria and his daughter, Ms. Radhika Sandeep Hisaria. The registered office of the entity is in Mumbai.

About the Group

Incorporated in 1997 for trading imported and domestic dry bulk commodities, ATPL is managed by Mr. Sandeep Hisaria MD and CEO and Mr. Adarsh Gupta as professional director. ATPL primarily trades various dry bulk commodities such as coal, coke, shredded scrap, heavy melting scrap, billets, pellets, sponge iron, and iron ores. These products are supplied to leading domestic players in industrial manufacturing. ATPL imports coal and coke from South Africa, Indonesia, Singapore, Switzerland,Australia and materials such as iron shredded scrap, heavy melting scrap, sponge iron, iron ore, billets, plates,and plastics from Gulf countries, China, Russia, USA.

Singapore-based A TGlobal Resources Pte Limited was incorporated in 2017. Ms. Prachi Hisaria daugther of Mr. sandeep hisaria and Ms. Vijaylakshmi Mohan are the directors of the company. The company is engaged in the wholesale trade of solid, liquid, and gaseous fuels like coal. It is a wholly owned subsidiary of A T Trade Overseas Private Limited.

Unsupported Rating
Not applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profile of A T Trade Overseas Private Limited (ATPL), PRH Resources Private Limited (PRPL) and A.T. Global Resources Pte Ltd. (ATGRPL) together referred to as the 'Hisaria Group'. The consolidation is in view of the similar line of business and common promotor family.

In the past rating review's, Acuité had also considered business and financial risk profile of Ameet Enterprises (AE) for the consolidation. The de-consolidation of Ameet Enterprises is on account of closure of debt facilities and receipt of rating withdrawal request from management.

Key Rating Drivers

Strengths

- **Group's established presence in trading business**

  The group was founded in 1964 by the late Mr. Sawarmal Hisaria, thus having an operational track record of over five decades. In 1997, Mr. Sawarmal Hisaria's sons, Mr. Sandeep Hisaria and Mr. Sangeet Hisaria, joined the family business and diversified the group's activities into trading imported bulk commodities, including coal (coking and non-coking), shredded scrap, heavy melting scrap, billets, pellets, sponge iron, iron ores, among others. The established operational track record has helped the group maintain long-standing relations with customers and suppliers in both domestic and international geographies. The group benefits from its experienced promoters, who collectively possess around four decades of experience in the coal trading industry. Acuité believes that the group will continue sustaining its existing business profile on the back of its established track record and experienced management.

- **Streamlined business model with adequate cash coverage for timely retirement of LCs' that mitigates unforeseen distress**

  The group is mainly engaged in trading imported bulk commodities like coal, with a single shipload estimated at 50,000 MT to 120,000 MT for supplies to various large industrial users. The group has developed a systematic end-to-end process, from identifying suppliers and buyers for a shipment to the timely closure of financial obligations against the shipment. The group receives an interest-free advance deposit from customers equivalent to 10 to 20 percent of the contract value, and the title of the cargo remains with the group until the complete value of the cargo is recovered. Further, material is supplied on a cash-and-carry basis to the customers, while extending credit of the advance deposit only at the time of lifting the last batch of the shipment. Thus, the customer pays upfront an amount equivalent to the PMT value before receiving a delivery order from HG.

  The group is involved in importing coking and non-coking coal mainly from overseas and relies heavily on the letter of credit (LC) facility. The group purchases its raw materials backed by LCs with an usance period of 90 to 180 days, and the LC payments are made from sale proceeds received in tranches from customers, not exceeding more than 120 days, depending on the complete unloading of cargo. The group also methodically accumulates the sale proceeds in the form of fixed deposits for the timely retirement of LCs. There is no major bunching of the LCs since not all LCs are due at the same time. Further, the contract agreement stipulates that the customer must complete the lifting of cargo within an agreed period, or the group is eligible to forfeit all advances against the cargo and sell the cargo to another party. The group also maintains an additional margin of approximately 5 percent from the customer to cover foreign exchange exposure, duties and other ancillary charges. The group does not maintain any long-term quantity supply/procurement contracts nor long-term fixed price contracts; each shipment is negotiated independently. Acuité believes that the group's financial discipline for the retirement of LCs is expected to support its cash flow management effectively.

- **Healthy financial risk profile**

  The financial risk profile of the group is healthy, marked by healthy net worth, moderate debt protection metrics, and low gearing. The net worth of the group stood at Rs.416.03 Cr and Rs.382.70 Cr as on March 31, 2024, and 2023 respectively. The gearing of the group improved and stood at 0.54 times as on March 31, 2024, against 0.68 times as on March 31, 2023. Debt protection metrics – interest coverage ratio and debt service coverage ratio stood at 1.60 times and 1.45 times as on March 31, 2024, respectively as against 2.57 times and 1.56 times as on March 31, 2023, respectively. TOL/TNW (Total outside liabilities/Total net worth) stood at 1.80 times and 1.75 times as on March 31, 2024, and 2023 respectively. The debt to EBITDA of the company stood at 2.04 times as on March 31, 2024, as against 1.92 times as on March 31, 2023. Acuité believes that the financial risk profile will remain healthy in the absence of any major debt funded capital expenditure plan over the medium term.

Weaknesses

- **Moderate Working capital operations**

Group's working capital operations are moderate as reflected in its gross current assets (GCA) of 71 days in FY2024, compared to 43 days in FY2023. The group has a minimal holding period of inventory and presence of back-to-back payment terms with creditor and debtors. The inventory days stood at 6 days in FY2024 as against 14 days in FY2023. Since these are trading concerns and not restricted to any optimal utilization, the business volumes depend on the demand-supply factors. However, the debtor days stood at 51 days in FY2024 as against 21 days in FY2023. Creditor days stood at 45 days in FY2024 as against 23 days in FY2023. Furthermore, the reliance on bank limits was moderate, with average utilization of approximately 25 percent for the fund-based limits and 60 percent for the non-fund-based limits over the past twelve months ending in February 2025. Acuité believes the working capital management to remain on similar lines over the medium term on account of business policies maintained by the group and presence of back-to-back payment terms with creditor and debtors.

- **Moderation in revenues and profitability in FY2024, albeit marginal improvement expected in FY2025**

The group's revenues stood at Rs. 3,074.10 Cr in FY2024, compared to Rs. 5,007.80 Cr in FY2023. FY2023 was an exceptional year for the commodity market, primarily coal and steel, where the upward trend in overall realizations reflected in revenue growth to the tune of Rs. 5,007.80 Cr at the group level. With moderation in prices coupled with subdued demand across the industry caused by flooding in the Northern, Western, and Eastern regions of India for a period of four months (June to September), FY2024 revenue witnessed a correction (normal level) to Rs. 3,074.10 Cr. However, in 1FY2025, it is expected to range between Rs.3154-3200 Cr. The operating margin during FY2024 stood at 0.68 percent, compared to 1.40 percent in FY2023. The decline in operating margin is due to lower realizations and higher selling expenses (majorly bad debts). Further, the net profit margin of the group stood at 1.02 percent in FY2024, compared to 1.25 percent in FY2023. Acuité believes that going forward, the sustenance of growth in revenues while maintaining its profitability margins will remain a key rating sensitivity.

- **Counterparty credit risk**

The group's business process involves purchasing bulk cargo backed by LCs and stipulates that the customer must complete the lifting of cargo within an agreed period. However, the group is exposed to certain counterparty credit risks associated with the other party to a financial contract not meeting its obligations or refusing to buy the shipment, putting HG's financial profile at risk. To mitigate this, the group has developed a systematic end-to-end process where it receives an interest-free advance deposit from the customer equivalent to 10 to 20 percent of the contract value, and the title of the cargo remains with the group until the complete value of the cargo is recovered. Additionally, material is supplied on a cash-and-carry basis to the customers, while extending credit of the advance deposit only at the time of lifting the last batch of the shipment. Furthermore, the group is eligible to forfeit all advances against the cargo and sell the cargo to another party if the other party fails to fulfill its commitment.

Rating Sensitivities

- Ability to achieve the estimated levels of revenue without any further decline in the profitability margins
- Any significant stretch in working capital cycle owing to the nature of business
- Bunching of LC's; any negative gap in the retirement of LC and outstanding value of fixed deposits
- Any deterioration in the financial risk profile leading to an impact on the overall liquidity

Liquidity Position: Strong

Group 's liquidity is strong, marked by healthy net cash accruals to its nil maturing debt obligation. The group has generated cash accruals of Rs.32.45 Cr in FY2024. Going forward, the group is expected to generate healthy net cash accruals against its nominal repayment obligations over the medium term. The current ratio stood at 1.63 times as on March 31, 2024. Furthermore, the reliance on bank limits stood moderate, with average utilization of approximately 25 percent the fund-based limits and 60 percent for the non-fund-based limits over the past twelve months ending in February 2025. The group maintained unencumbered liquid funds in form of FD, which stood at Rs.199.10 Cr as of March 31, 2024 and has maintained unencumbered cash and bank balances of Rs.38.11 Cr as on

March 31, 2024. Acuité believes that the liquidity of the group is likely to remain strong over the medium term due to the prudent practice of methodically accumulating the sale proceeds from customers in the form of fixed deposits, helping the group to avoid any instances of delayed retirement of LCs, safeguarding against any liquidity crunches.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	3074.10	5007.80
PAT	Rs. Cr.	31.29	62.77
PAT Margin	(%)	1.02	1.25
Total Debt/Tangible Net Worth	Times	0.54	0.68
PBDIT/Interest	Times	1.60	2.57

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
- Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
- Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
- Trading Entities: https://www.acuite.in/view-rating-criteria-61.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Jan 2024	Letter of Credit	Short Term	42.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	95.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	26.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	40.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	9.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	33.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	3.00	ACUITE BBB | Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BBB | Stable (Assigned)
18 Nov 2022	Letter of Credit	Short Term	40.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	23.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	19.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	70.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	25.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BBB | Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB | Stable (Assigned)
07 Sep 2022	Letter of Credit	Short Term	40.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Letter of Credit	Short Term	23.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Letter of Credit	Short Term	70.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	2.00	ACUITE BBB | Stable (Upgraded from ACUITE BBB- | Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB | Stable | Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB | Stable | Reaffirmed
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB | Stable | Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE A3+ | Reaffirmed
Indian Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.00	Simple	ACUITE A3+ | Reaffirmed
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	121.00	Simple	ACUITE A3+ | Reaffirmed
UCO Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	39.00	Simple	ACUITE A3+ | Reaffirmed

Union Bank of India- Cash Credit of Rs. (60.50) Cr submit of LC, WCDL of Rs (60.50) Cr submit of LC.
UCO Bank- WCDL of Rs.(29.50) Cr sub-limit of LC, Inter-Changeable of FB to NFB limit upto Rs. 10.00 Cr of CC.
Indian Bank- WCDL of Rs. (31.50) Cr sub-limit of LC, Inter-Changeable of 100% FB to NFB limit.
HDFC Bank- WCDL of Rs.(25.00) Cr sub-limit of LC, CC upto 25 crores allowed with interchangeability of LC limit.

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr No	Company Name
1	A T Trade Overseas Private Limited (ATPL)
2	PRH Resources Private Limited (PRPL)
3	A.T. Global Resources Pte Ltd. (ATGRPL)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.