

Rating Rationale

Coffee Day Natural Resources Pvt Ltd

31 Jul 2019

Brickwork Ratings revises the rating to BWR BBB (SO) for the NCDs of Coffee Day Natural Resources Pvt Ltd (hereafter referred to as CDNRPL or the company) and places the rating on Credit Watch with Negative Implications

Particulars

Instrument	Amount (Rs Crs)	Coupon	Redemption Date	ISIN	Previous Rating (Jan, 2019)	Present Rating
NCD	128.90 [^]	6% p.a	23-Dec-2019	INE634N07075	BWR A- (SO) (Pronounced as BWR Single A Minus) (Structured Obligation) Outlook : Stable	BWR BBB (SO) Downgraded and placed on Credit Watch with Negative Implications
Total	128.90	Rupees One Hundred Twenty Eight Crores and Ninety Lakhs Only				

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

[^]The Company had exercised the Call option on July 8 2019 and partially redeemed NCDs of Rs. 86.10 Crs out of issued amount of Rs. 215.00 crs

Rationale

BWR has taken note of the material event relating to the demise of the founder promoter of the Coffee Day Group, Mr. V G Siddhartha. According to various media reports on July 30 2019, Mr V G Siddhartha, was unreachable since the evening of July 29 2019. On July 31 2019, it was confirmed that he was no more.

Coffee Day Enterprises Ltd (CDEL) is the listed holding company for various companies of the Coffee Day group. CDEL has issued a Press Release stating that the Board of CDEL is confident that the professional management of the Company and each of the entities in the Coffee Day Group and their respective leadership team will ensure continuity of all the business operations. In the interim, the board is evaluating and assessing the situation, formulating appropriate steps to ensure business operations are unaffected, and has resolved to cooperate with authorities.

Following this development, the shares of Coffee Day Enterprises Ltd (CDEL) have witnessed a decline of 20% on 30 July 2019 and 31 July 2019. The rated NCDs of CDNRPL are backed by pledge of shares of CDEL. The sharp decline in share prices of CDEL have contributed to a diminution in the value of security cover. BWR is awaiting details of the present security cover and top up requirements from the Debenture Trustee for the rated NCDs.

In view of the material development relating to the main promoter and the significant decline in share prices of the listed shares offered as security, the consequent uncertainty with respect to the management of the Coffee Day group and the extent of impact on the business and credit profiles of the various Coffee Day group entities, BWR has revised the rating to BWR BBB(SO) and placed the rating of the NCDs of Coffee Day Natural Resources Pvt Ltd on Credit Watch with Negative Implications. BWR will monitor the developments and review the ratings once there is more clarity on the developments

About the Company

Coffee Day Natural Resources Pvt Ltd (CDNRPL) was originally incorporated as Way2Wealth Holdings Pvt Ltd in 2008. Its name was changed to Coffee Day Natural Resources Pvt. Ltd. in Aug 2011. CDNRPL is promoted by Mr. V G Siddhartha, the founder promoter of Café Coffee Day Group and he has 99.99% shareholding in the Company. The Company is primarily involved in raising funds and supporting other group entities.

Previous Rating Rationale

Rating History for the last three years

i. Outstanding NCDs

Sl. No.	Instrument	Current Rating (July 2019)				Rating History		
		Type	Amount (Rs Crs)	Rating	02-Jan-2019	31-Dec-2018	28-Dec-2017	19 Dec 2016
1	NCD	Long Term	128.90^	BWR BBB (SO) Downgraded and placed on Credit Watch with Negative Implications	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable Reaffirmed	Rating Not Reviewed	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable Reaffirmed	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable Assigned
	Total		128.90	Rupees One Hundred Twenty Eight Crores and Ninety Lakhs Only				

ii. Withdrawn NCDs

Sl. No.	Instrument	Current Rating (July 2019)			Rating History				
					2016			2014	
		Type	Amount (Rs Crs)	Rating	23 Dec 2016	19 Dec 2016	29 Mar 2016	12 Nov 2014	22 Aug 2014
1	NCD	Long Term	75.00	-	-	Withdrawn on full redemption	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable Reaffirmed	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable Reaffirmed	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable Assigned
2	NCD	Long term	225.00 (Out of which 120 crs was raised)	-	Withdrawn on full redemption	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable Reaffirmed	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable Reaffirmed	BWR A- (SO) (Pronounced as BWR A Minus) (Structured Obligation) Outlook:Stable Assigned	NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Ratings Policy](#)
- [Infrastructure Sector](#)
- [Structured Obligation \(SO\) Instruments](#)

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Note on complexity levels of the rated instrument:

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About Brickwork Ratings

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