CARE RATINGS PRESS RELEASE

October 11, 2019

Name OThe Company	Instruments	Rating	Amount (Rs.Cr.)
IDFC FIRST Bank Limited	LT Debt Instruments ST Debt Instruments	CARE AA+; Negative [Outlook revised from 'Stable] CARE A1+ [Reaffirmed]	10226.78 100
Neelachal Ispat Nigam Limited	Bank Facilities NCD I & II	CARE D [Reaffirmed] CARE C (CE) [Assigned] CARE A- (CE) [Revised from CARE A (CE); Stable] CARE A2+(CE) [Revised from CARE A1 (CE)] CARE A- (CE) [Revised from CARE A (CE); Stable] [Place on Under credit watch with developing implications]	896.69 39 646.52 5 300
Century Textiles and Industries Limited	CP	CARE A1+ [Reaffirmed]	1000
Aryabhatta Tutorials Private Limited	Bank Facilities	CARE D [Revised from CARE B; Stable]	6
3B Fibreglass Norway AS	Bank Facilities	Withdrawn	---
3B Binani Glassfibre SARL	Bank Facilities	Withdrawn	---
P.M.R. Constructions India Private Limited	Bank Facilities	CARE D;/ CARE D ISSUER NOT COOPERATING* [Revised from CARE B+; Stable;/ CARE A4;]	27
Ambal Modern Rice Mill	Bank Facilities	CARE B+; Stable ISSUER NOT COOPERATING* [Revised from CARE BB-; Stable]	18.75
K. B. Tea Product Private Limited	Bank Facilities	CARE BB; Stable/ CARE A4 [Reaffirmed]	6
Reliance Broadcast Network Limited	Bank Facilities NCD II NCD III NCD I NCD IV NCD IIII	CARE C; Stable CARE C; Stable CARE C; Stable CARE D CARE D [Reaffirmed] CARE D [Revised from CARE C; Stable]	83.69 66.80 50 100 50 65
Udaipur Cement Works Limited	Bank Facilities	CARE AA- (CE); Stable [Final Rating]	100
Shree Ganesh Cold Storage	Bank Facilities	CARE D; ISSUER NOT COOPERATING*	6
The Lakshmi Vilas Bank Limited	Lower Tier II Bonds Tier II Bonds (Basel III Compliant) – Proposed Basel III Compliant Additional Tier I Perpetual Bond issue	CARE BB+; Negative CARE BB+; Negative [Revised from CARE BBB-] CARE B+; Negative [Revised from CARE BB- Removed from credit watch with developing implications;]	50.50 318.20 250
Aaditya Finechem Private Limited	Bank Facilities	CARE BBB-; Stable/ CARE A3 [Reaffirmed]	11

@Provisional Rating

CARE has classified instruments rated by it on the basis of complexity. This classification is available at[www.careratings.com.](http://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

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IDFC FIRST Bank Limited
October 11, 2019

Ratings

Instruments/Facilities	Amount (Rs crore)	Ratings	Rating Action
Long term debt instruments	10,226.78 (Reduced from Rs.20,471 crore)	CARE AA+; Negative (Double A Plus; Outlook: Negative)	Reaffirmed and Outlook revised from 'Stable' to 'Negative'
Short term debt instruments	100 (Reduced from Rs.8,000 crore)	CARE A1+ (A One Plus)	Reaffirmed
Total	**10,326.78 (Rs. Ten Thousand Three Hundred Twenty Six Crore and Seventy Eight Lakhs only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to debt instruments of IDFC FIRST Bank Limited (IDFC FIRST) continue to factor in the experienced management of the bank, comfortable liquidity profile, adequate capitalization, comfortable asset quality albeit some moderation, diversified loan book with increasing proportion of retail advances and increasing distribution network. The ratings are, however, constrained by bank's relatively lower CASA proportion; the same however is gradually ramping up with good growth over a short period of time, bank's moderate profitability on the back of high operating cost due to expansion of retail banking franchise and increase in credit costs related to the wholesale portfolio. Improvement in profitability as envisaged, sustained build-up of retail liabilities, maintaining asset quality and healthy capitalization are the key rating sensitivities.

Outlook: Negative

The outlook has been revised from 'Stable' to 'Negative' on account of moderation in asset quality and further moderation in profitability in Q1FY20 on account of increased credit costs. Further, CARE expects asset quality of Indian banks to remain under pressure on account of their exposure to wholesale lending segment which is experiencing slowdown amidst volatile market conditions. The outlook may be revised to 'Stable' in the event of improvement in asset quality from hereon and consequent improvement in profitability.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced management

Post the merger, the bank is led by CEO and Managing Director, Mr. Vaidyanathan, former Chairman & MD of Capital First Limited (CFL), who has over 25 years of experience working with organizations like Citibank and ICICI Group. He was earlier the Executive Director on the Board of ICICI Bank and was also MD and CEO of ICICI Prudential Life Insurance Company. He has over 25 years of experience in the financial services sector. The Board of Directors has Mr. Rajiv Lall as part time Non-Executive Chairman and has Ms. Anandita Sinharay (GoI nominee), Mr. Sunil Kakar (IDFC Limited nominee) along with six independent directors. The key management people in the operating team include Mr. Madhivanan Balakrishnan, Mr. Ajay Mahajan, Mr. Pankaj Sanklecha and Ms. Srishti Sethi, who have extensive and relevant experience of more than 20 years each in financial services sector.

Adequate capitalization

IDFC FIRST's capitalization remains adequate with CAR of 15.47% (Tier-I CAR: 15.27%) as on March 31, 2019 against CAR of 16.51% (Tier-I CAR: 16.14%) as on December 31, 2018. Although, the overall CAR remained higher than the minimum regulatory requirement of 10.875% (Tier I CAR: 8.875%) (including CCB) as on March 31, 2019 and 11.50% (Tier I CAR: 9.50%) by March 31, 2020, the bank's CAR has moderated in Q4FY19 on account of losses arising out of increased provisioning on some of the stressed loan assets and due to increase in asset base. Further in Q1FY20, CAR moderated to 14.01% (Tier-I CAR: 13.88%) on account of incremental provisioning on some of the stressed loan assets. However, as the bank is focusing on expanding its retail loan book and de-growing its wholesale and infrastructure book, capitalization is expected to be maintained at adequate levels. Further as the capital base comprises majorly of tier I capital, the bank has also option to increase its tier 2 capital to maintain capitalization at adequate levels. .

Comfortable asset quality albeit some moderation

The Gross NPA ratio and Net NPA ratio of IDFC FIRST stood at 2.43% and 1.28% respectively as on March 31, 2019 as against 1.97% and 0.95% respectively as on December 31, 2018. Net NPA to Net-worth ratio has stood at 7.21% as on March 31, 2019 (P.Y.: 6.40%). The bank has reported provision coverage ratio of 48% as on March 31, 2019. However, during Q1FY20, the bank saw slippages resulting in rise in Gross NPA ratio to 2.66% and Net NPA ratio to 1.35% as on June 30, 2019.

Over the last two quarters (Q4FY19 and Q1FY20), the bank has reported stressed investments of Rs.1,461 crore on account of deterioration in the credit profile of some of its large borrowers for which bank has made provisions of Rs.1,096 crore. As on June 30, 2019, the bank has provided Rs.154 crore for one of the infrastructure accounts, in which bank has exposure of Rs.1,006 crore. Further, the bank has made provisions of Rs.570 crore for a pool of some infrastructure accounts in which bank has exposure of Rs.810 crore as on June 30, 2019.

Going forward, bank's ability to limit credit costs and improvement in asset quality with no major slippages in wholesale lending book will remain a key rating monitorable.

Comfortable liquidity profile

According to structural liquidity statement as on March 31, 2019, up to 1 year bucket, the bank has negative cumulative mismatch of 14.26%. IDFC FIRST has maintained a comfortable liquidity profile with liquidity coverage ratio of 118% as on June 30, 2019 (120% as on March 31, 2019) against the regulatory requirement of 100%. The bank also has access to borrowing from RBI's Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) along with cash reserves with RBI which provide comfort in meeting any liquidity pressures.

Diversified loan book with increased proportion of retail/SME advances

The Funded asset portfolio of IDFC FIRST Bank as at March 31, 2019 stood at Rs.1,10,400 crore (PY: 73,051 crore) with 48.59% of wholesale advances (PY: 73.74%), 36.97% of retail advances (PY: 9.63%), 11.71% of PSL buyout portfolio (PY: 12.29%) and 2.73% others (PY: 4.33%). The loan book proportion has favorably tilted towards retail post-merger with CFL.

The share of retail loan book has further increased to 39.66% as on June 30, 2019. As at June 30, 2019, IDFC FIRST's loan book stood at Rs.1,12,558 crore out of which 46.80% was wholesale, 39.66% was retail, 10.90% was PSL buyout portfolio and 2.64% others.

As per the management, bank will focus on increasing the retail loan book while gradually downsizing the wholesale loan book. Management has indicated that the share of retail loan portfolio will reach to 70% of the total loan book over the next five years.

Increased distribution network

IDFC FIRST created the necessary framework for distribution and has 242 branches across India as on March 31, 2019 as compared to 150 branches in March 31, 2018. Erstwhile CFL created a strong retail asset franchisee. On a combined basis, IDFC FIRST will receive synergies for expansion of its business on both fronts viz. retail liabilities and assets.

Key Rating Weakness

Relatively lower CASA proportion; the same however is gradually ramping up with good growth over a short period of time

As on March 31, 2019, total liabilities stood at Rs.1,40,462 crore which comprise of legacy long term bonds (11.21%), infra bonds (7.43%), refinance (2.88%), other borrowings (16.56%), CASA (6.49%), term deposits (23.22%), certificate of deposits (20.47%) and money market borrowings (11.74%).

Further, As on June 30, 2019, total liabilities stood at Rs.1,42,269 crore which comprise of legacy long term bonds (9.75%), infra bonds (7.33%), refinance (9.40%), other borrowings (16.85%), CASA (7.02%), term deposits (25.43%), certificate of deposits (14.10%) and money market borrowings (10.12%). During Q1FY20, bank was able to increase its CASA+ term deposits which were used to build the retail loan book. Further, there was reduction in certificates of deposits amounting to Rs.8,696 crore during Q1FY20 and simultaneously increase in refinance borrowings amounting Rs.9,332 crore during the same period.

As on March 31, 2019, the bank's deposits stood at Rs.70,479 crore compared to Rs.48,198 crore as on March 31, 2018. Current Account Savings Account (CASA) now forms 12.9% of total deposits as on March 31, 2019, against 11.8% as on March 31, 2018. Further, CASA ratio increased to 15.1% as on June 30, 2019. The CASA + retail Term deposits ratio has increased to 25.4% as on March 31, 2019, from 20.4% as on March 31, 2018. Retail term deposits constituted 27% [P.Y.: 18%] of total term deposits as on March 31, 2019.

The improvement in CASA deposit will remain key rating monitorable.

Moderate operating profitability

The bank's pre provisioning operating profit (PPOP) decreased by 33% to Rs.850 crore during FY19 as compared to Rs.1,263 crore during FY18. The bank's operating profitability stood at 0.59% of Average total assets as on March 31, 2019

(PY: 1.07%). IDFC FIRST posted loss of Rs.1,944 crore in FY19. The loss was mainly on account of accelerated amortization of goodwill of CFL, increase in operating expense due to branch expansion and increased provisions during the current fiscal. During FY19, the bank saw growth of 28% in total income supported by growth of 78% in net interest income. The substantial increase in net interest income was majorly driven by high yielding retail loan assets of erstwhile Capital First Limited on account of which net interest margin (NIM) also improved from 1.53% as on March 31, 2018 to 2.21% as on March 31, 2019 despite high cost of legacy long-term bonds/debentures and wholesale deposits. The bank's cost to income for FY19 was at 142.27% (FY18: 56.67%) which was primarily on account of accelerated amortization of goodwill and other intangibles to the extent of Rs.2,599 crore and operating expenses due to branch expansion. Credit cost (provisions and write-offs/average adjusted assets) has increased from 0.20% as on March 31, 2018 to 1.07% as on March 31, 2019 mainly on due to increased provisions on some of the stressed accounts identified in Q4FY19. Liability profile of the bank mainly consists of bonds/debentures (19% of its borrowings and deposits) and wholesale deposits (37% of its borrowings and deposits) as on March 31, 2019, which has led to a higher cost of interest-bearing funds compared to peers. The ROTA stood at -1.34% for FY19 in comparison with 0.73% for FY18.

During Q1FY20, the bank reported loss of Rs.617 crore on total income of Rs.4,104 crore. The bank reported PPOP of Rs.318 crore with provision of Rs.1,281 crore as compared to operating profit of Rs.242 crore with provision of Rs.34 crore during Q1FY19. Cost to income stood at 78.61 % as on June 30, 2019. Credit cost (provisions and write-offs/average adjusted assets) has increased to 3.10% as on June 30, 2019.

Going forward, as company will continue to grow its retail franchise, profitability will remain muted in medium term. Mobilization of low cost CASA, replacement of bonds/debentures by deposits, increase in retail portfolio and reduction in credit cost will be the key driver for profitability. As per the management, share of CASA to total deposits will increase to 30% and retail loan portfolio will reach to 70% of the total loan book over the next five years. Given its expansion, the profitability will be volatile. However, with increasing scale of retail business, the bank is expected to improve the profitability going forward.

Emerging sectoral risk in its wholesale lending portfolio

The bank has seen significant decline in proportion of advances in wholesale segment (Corporates & Infrastructure sector) and going forward would focus more on retail. The share of infrastructure advances to total advances constituted 43% and 37% of the total lending book in FY 17 and FY18 respectively. As on March 31, 2019 the Bank's (post-merger) exposure to infrastructure sector has reduced to 19%. Exposure to top10 borrowers as % of total funded assets stood at 10.93% and the exposure to top 10 groups as % of total funded assets stood at 14.30% as on March 31, 2019. Going forward, the bank's ability to improve the granularity of the loan book will be the key to decrease the concentration risk.

Analytical Approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
CARE's policy on default recognition
Financial Ratios- Financial Sector
CARE's Rating Methodology for Banks

Liquidity Profile - Strong

According to structural liquidity statement as on March 31, 2019, up to 1 year bucket, the bank has negative cumulative mismatch of 14.26%. IDFC FIRST has maintained a comfortable liquidity profile with liquidity coverage ratio of 118% as on June 30, 2019 (120% as on March 31, 2019) against the regulatory requirement of 100%. The bank also has access to borrowing from RBI's Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) along with cash reserves with RBI which provide comfort in meeting any liquidity pressures.

Background

IDFC FIRST Bank Limited was incorporated in October 2014 and the name of the bank underwent a change from 'IDFC Bank Limited' (IBL) to 'IDFC FIRST Bank Limited' with effect from January 12, 2019 following the merger of Capital First Limited with the bank. The merger of Capital First Limited and its two subsidiaries with IDFC Bank Limited has become effective from December 18, 2018.

Post-Merger, IDFC Limited holds 40% stake in IDFC FIRST Bank Limited (IDFC FIRST) as on June 30, 2019. IDFC Limited is a holding company. As on June 30, 2019, shareholders of IDFC Limited include Government of India (16.37%), FII/FPI/NRI (37.85%) and public (45.78%). IDFC Limited, through its subsidiaries, is engaged in Banking business, Public Markets Asset Management, Institutional Broking, Infrastructure Debt Fund and Alternative Asset Management.

In addition to IDFC limited, Warbug Pincus (9.99%), Government of India (5.47%) and GIC Singapore (3.94%) are major shareholders of IDFC FIRST as on June 30, 2019.

Brief Financials (Rs. Crore)	FY18 (A)	FY19 (A)
Total Income	10,047.90	12,886.73
PAT	859.33	(1,944.18)
Total Assets*	1,25,178.82	1,64,364.63
Net NPA (%)	1.69	1.28
ROTA (%)$	0.73	(1.34)

*A: Audit; * Total Assets is net of deferred tax asset and intangible assets*
$Ratio has been computed based on average of annual opening and closing balances

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure I – Instrument Details

Name of the Instrument	ISIN No	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Rating assigned along with Rating Outlook
Long Term Bank Facilities	-	-	-	-	746.38	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08012	28-02-2013	10.3	28-02-2023	100	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08020	28-02-2013	10.3	28-02-2023	50	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08038	08-03-2013	11	08-03-2099	100	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08046	14-03-2013	11	14-03-2099	25	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08053	17-05-2013	9.5	17-05-2028	50	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08061	24-05-2013	10.65	24-05-2099	15	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08079	23-09-2014	10.5	23-09-2099	50	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08087	29-09-2015	9.4	29-09-2025	50	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08CR4	23-10-2015	9.2	23-10-2020	15	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08095	30-10-2015	9.25	30-10-2025	75	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08103	20-11-2015	9.25	20-11-2025	25	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08111	15-12-2015	9.25	15-12-2025	25	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08CS2	22-12-2015	9.25	22-12-2020	50	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08129	29-12-2015	9.25	29-12-2025	35	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08CV6	22-01-2016	9.2	22-01-2021	210	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08CW4	29-01-2016	9.2	29-01-2021	50	CARE AA+; Negative

Debentures- Non Convertible Debentures	INE688I08137	04-02-2016	9.35	04-02-2026	100	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08145	01-03-2016	10.5	01-03-2099	60	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08CX2	23-03-2016	8.73	28-05-2021	350	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08CY0	17-05-2016	8.9	15-05-2026	80	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DA8	31-05-2016	9.1	31-05-2021	149	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DB6	31-05-2016	9.1	31-05-2023	20	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08152	06-06-2016	9.75	06-06-2099	30	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DD2	13-06-2016	9.1	13-06-2023	7	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DF7	30-06-2016	9.1	30-06-2021	109	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DG5	19-07-2016	9.15	19-07-2023	35.2	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08160	25-07-2016	9.24	24-07-2026	30	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DI1	15-09-2016	8.7	15-09-2021	20	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DL5	20-09-2016	8.7	20-09-2021	15	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DM3	20-09-2016	8.75	18-09-2026	25	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DN1	30-09-2016	8.65	30-09-2019	145	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DO9	10-10-2016	8.5	10-10-2019	575	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DP6	28-10-2016	8.5	30-09-2019	250	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DQ4	28-10-2016	8.5	28-10-2019	25	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DR2	28-10-2016	8.55	28-10-2021	20	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DS0	21-12-2016	8.5	21-12-2021	100	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DT8	29-12-2016	8.15	27-12-2019	150	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DU6	17-01-2017	8.35	17-01-2020	500	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DV4	14-03-2017	8.41	13-03-2020	95	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DW2	05-04-2017	8.35	03-04-2020	200	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08DX0	05-04-2017	8.4	05-04-2022	300	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EA6	03-05-2017	8.35	30-04-2020	85	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EB4	03-05-2017	8.4	03-05-2022	185	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EC2	03-05-2017	8.45	03-05-2024	70	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08ED0	16-05-2017	8.35	15-05-2020	135	CARE AA+; Negative

Debentures- Non Convertible Debentures	INE092T08EE8	17-05-2017	8.35	15-05-2020	50	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EF5	18-05-2017	8.35	18-05-2020	50	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EG3	19-05-2017	8.35	19-05-2020	150	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EH1	05-06-2017	8.3	05-06-2020	50	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EI9	15-06-2017	8.38	15-06-2027	75	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EJ7	27-06-2017	8.25	27-06-2022	50	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EK5	14-07-2017	8.25	14-07-2022	475	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08178	24-08-2017	8.25	24-08-2027	200	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08186	18-09-2017	8.6	18-09-2099	80	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EU4	29-09-2017	8.25	29-09-2022	100	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EN9	08-12-2017	8.25	08-12-2022	180	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EO7	25-01-2018	8.45	24-01-2020	500	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EP4	21-02-2018	8.4	22-02-2021	102	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EQ2	27-03-2018	8.8	23-03-2020	475	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08ER0	27-03-2018	8.8	23-03-2021	565	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08ES8	04-05-2018	8.24	15-05-2023	340	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08194	07-06-2018	9.1	07-06-2024	30	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE688I08202	07-06-2018	9.1	06-06-2025	70	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08ET6	10-07-2018	9	09-07-2021	100	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EV2	12-12-2018	8.38	10-12-2021	349.4	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EW0	12-12-2018	8.6	12-12-2022	349.4	CARE AA+; Negative
Debentures- Non Convertible Debentures	INE092T08EX8	12-12-2018	8.69	12-12-2023	349.4	CARE AA+; Negative
Short term debt instruments	-	-	-	7 days to 1 year	100.0	CARE A1+

Annexure II - 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 2019-2020	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.	Long term debt instruments	LT	10,226.78	CARE AA+; Negative	-	CARE AA+; Stable (28-Mar-19)	-	-
2.	Short term debt instruments	ST	100.00	CARE A1+	-	CARE A1+ (28-Mar-19)	-	-

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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact 1
Name - Mr. Ravi Kumar
Contact no.- +91-22-6754 3421
Email ID- ravi.kumar@careratings.com

Analyst Contact 2
Mr. Sanjay Kumar Agarwal
Contact no. – +91-22-6754 3500 / 582
Email ID – sanjay.agarwal@careratings.com

Relationship Contact
Mr. Ankur Sachdeva
Contact no. : + 91 98196 98985
Email: ankur.sachdeva@careratings.com

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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.

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Century Textiles and Industries Limited

October 11, 2019

Ratings

Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Commercial Paper	1000 (Reduced from Rs 2200 crore)	CARE A1+ (A One Plus)	Reaffirmed

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the instruments of Century Textiles and Industries Limited (CTIL) factors in the parentage of the B. K. Birla group, vast experience of the promoters & management support from promoter group . The ratings positively factor in improved financial profile of the company post the de-merger of its cement business to Ultratech Cement, improvement in operating performance of the company mainly driven by pulp and paper business, steady cash flow from real estate business and comfortable liquidity position as denoted by low utilization of fund based limits.

The aforementioned ratings strengths are however tempered by cyclical nature of businesses viz paper and textile business, which contributed more than 90% of sales and 70% of operating profit of CTIL in FY19, and foray into residential real estate which exposes the company to implementation and marketing risk.

The ability of the company to achieve desired profitability and sales volume in real estate business while maintaining healthy capital structure will be the key rating sensitivities

Detailed description of the key rating drivers

Key Rating Strengths

Parentage of B.K. Birla group, vast experience of the promoters & management

The B.K. Birla group, one of the oldest business houses of India, has interest in diverse fields such as cement, textiles, paper, tyres, sugar, tea, plyboards, media, chemicals, education, horticulture, telecom and shipping. Some of the major companies include Kesoram Industries Ltd, Century Enka Ltd, Mangalam Cement Ltd, Jayshree Tea & Industries Ltd., etc. CTIL enjoys financial flexibility being a part of the B.K. Birla group. Following the demise of Mr. B. K. Birla, the erstwhile Chairman, his grandson Mr. Kumar Mangalam Birla (the Chairman of Aditya Birla group) has been appointed Chairman of CTIL. The company is supported by experienced professionals who look after each of the business verticals.

Improved financial risk profile

CTIL's financial risk profile improved in FY19 on account of transfer to debt of cement business to Ultratech Cement (to the extent of Rs 3000 crore) and improvement in gross cash accruals mainly on account of robust pulp and paper business performance. As a result, the overall gearing reduced to 0.16x as on March 31, 2019 (v/s 1.59x as on March 31, 2018). With healthy cash accruals from the pulp and paper business and real estate business, leverage is expected to remain at comfortable levels over the medium term. The key moniterable would be scaling up of real estate business at envisaged levels where majority of capital expenditure shall be directed followed by pulp and paper business.

Improved operational performance

The company post demerger of cement business to Ultratech and Lease of Viscose Filament Yarn (VFY) business to Grasim Industries Ltd, shall have paper and pulp business, textile business, real estate and others. So on a like – to like basis, the sales of the erstwhile CTIL have improved marginally by 1% on YoY basis. However, an improvement in operating performance in paper division has led to improvement in operating margins for the company. Paper division contributed ~ 67% of operating profit of CTIL in FY19.

Steady cash flow from commercial real estate assets,

The two commercial properties Birla Aurora, adjacent to Century Bhavan, Mumbai, and Birla Centurion (on erstwhile Century Mill's land) has been almost fully leased out and generate stable lease rentals of approx. Rs.150 -160 crore annually.

Key Rating Weaknesses

Cyclical and commoditized nature of business

The two key businesses of CTIL viz. pulp & paper and textiles are commoditized with intense competition and cyclical in nature makes it vulnerable to demand and supply dynamics and restricts CTIL's pricing power. However, from the last 2 years the performance of pulp and paper businesses have shown improvement.

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

Foray in residential segment where implementation and marketing risk remains the key monitorable
The company has forayed into residential real estate where the company has launched a project in Kalyan (Birla Vanya) in April 2019. The project has 2 phases. Phase 1 comprising saleable area of 5.24 lakh sq.ft. and Phase II comprising saleable area of 7.88 lakh sq ft. The Phase I has received good response with ~ 85% of inventory have been sold. The company is also developing a residential project on Soukya Road, Bengaluru. The development potential of the project is ~ 5lakh sq.ft. While
Furthermore, CTIL incorporated a wholly owned subsidiary Birla Estates Pvt. Ltd. (BEPL) during FY18 for joint development/ joint venture with landowners to develop real estate projects. In FY19 the Birla Estate Private Limited tied up Anant Raj Industries to develop housing project in Gurugram. The project is spread over 73 acres with saleable area of 3.5 mn sq.ft. Total investment into the project shall be ~ 760 crore of which BEPL's share in ~ Rs 380 crore spread over the period of 5 years . Investment into real estate projects exposes the company to implementation and marketing risk. CARE shall closely moniter cash inflows from the same

Liquidity : Adequate
CTIL liquidity is adequate, as characterized by sufficient cushion w.r.t gross cash accruals vis-à-vis repayment obligations and moderate cash balance of Rs. 21 Crore as on March 31, 2019. The company has sufficient headroom to raise debt given the low overall gearing. Further, the fund based limits remain un-ultilised to the extent of more than Rs 1300 crore providing sufficient liquidity cushion over the debt repayment obligation of ~ Rs 43.5 crore in FY20.

Analytical approach: For arriving at the ratings, CARE has considered consolidated financial statements of the company.

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
CARE's Policy on factoring linkages in ratings

About the company:
Century Textiles and Industries Limited (CTIL), a part of the B. K. Birla group, was established in 1897 to operate a cotton textile mill in Mumbai. Subsequently, the company has expanded and diversified its activities and presently, CTIL is a well-diversified conglomerate engaged in manufacturing of pulp and paper products, textiles, and chemicals at ten plants located across different states of India.
Post the demerger of its cement business (transferred to Ultratech Cement Limited – transfer completed on September 30, 2019) and lease of Viscose Filament Yarn (VFY) business (included in textile division) for a duration of 15 years to Grasim Industries Limited (Rated CARE AAA, Stable, A1+), the company's core business shall be pulp and paper (having total installed capacity of ~ 4.45 lakh tonnes , textiles (installed capacity of ~ 375 lac meters per annum) and real estate (via Birla Estates Private Limited) . In July 2019, Birla Estate Private Limited tied up Anant Raj Industries (50:50 JV) to develop housing project in Gurugram.

Brief Financials (Rs. In Crores)	FY18 (A)	FY19(A)*
Total operating income	8249.51	3958.02
PBILDT	1381.09	978.35
PAT	371.66	681.07
Overall gearing (times)	1.59	0.16
Interest coverage (times)	3.03	10.20

A: Audited
**Numbers for FY19 are without cement business*

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

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
Commercial Paper	-	-	7 to 365 days	1000.00	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 2019-2020	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.	Term Loan-Long Term	-	-	-	-	-	-	-
2.	Commercial Paper	-	-	-	-	-	-	-
3.	Short Term Instruments-CP/STD	ST	-	-	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE A1+ (27-Apr-16)
4.	Short Term Instruments-CP/STD	ST	-	-	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE A1+ (27-Apr-16)
5.	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE AA- (27-Apr-16)
6.	Non-fund-based - ST-BG/LC	ST	-	-	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE A1+ (27-Apr-16)
7.	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE AA- (27-Apr-16)
8.	Fund-based - ST-Working Capital Demand loan	ST	-	-	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE A1+ (27-Apr-16)
9.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (07-Apr-16)
10.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (30-Dec-16) 2)CARE AA- (27-Apr-16)
11.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (07-Apr-16)
12.	Commercial Paper	ST	1000.00	CARE	-	1)CARE A1+	1)CARE A1+	-

				A1+		(04-Jan-19) 2)CARE A1+ (29-May-18)	(20-Dec-17) 2)CARE A1+ (29-Sep-17)	

Annexure – 3: List of entities in consolidated financials as on March 31, 2019

Name of Company	Country of Incorporation	Shareholding (%)
Subsidiaries		
Birla Estate Private Limited	India	100
Birla Century Exports Private Limited	India	100
Associates		
Industry House Limited	India	35.28

Annexure-4: Detailed explanation of covenants of the rated instrument / facilities – Not applicable

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.*

Contact Us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Name: Sharmila Jain
Tel: 91-22-6754 3638
Email: sharmila.jain@careratings.com

Relationship Contact
Name: Meenal Sikchi
Contact no: + 91 98190 09839
Email: meenal.sikchi@careratings.com

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Disclaimer

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Aryabhatta Tutorials Private Limited
October 11, 2019

Rating

Facilities	Amount (Rs. crore)	Rating[2]	Rating Action
Long-term Bank Facilities	6.00	**CARE D (Single D)**	Revised from CARE B; Stable (Single B; Outlook: Stable)
Total Facilities	**6.00 (Rupees Six crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale and key rating drivers

The revision in the rating assigned to the bank facilities of Aryabhatta Tutorials Private Limited (ATP) takes into account on-going delays in the servicing of the debt obligation. The rating is further constrained by its small scale of operations along with losses at net level, leveraged capital structure and weak debt coverage indicators, high competition in the education sector and regulatory risk. The rating, however, derives strength from experienced promoters with qualified teaching staff.

Going forward, the ability of the company to repay its debt obligations in a timely manner would remain the key rating sensitivity. Furthermore, the ability of the company to increase its scale of operations profitably and improve its overall solvency position would also remain the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Weaknesses

Ongoing delays in debt servicing owing to weak liquidity

There are on-going delays in the servicing of debt obligation. The delays are on account of weak liquidity position as the company is unable to generate sufficient funds on timely manner leading to cash flow mismatches.

Small scale of operations along with losses at net level

The total operating income of the company declined from Rs.6.17 crore in FY18 to Rs.5.94 crore in FY19 due to enrolment of lower number of students in FY19. The scale of operations however, continues to remain small. The net worth base of the company eroded to Rs.0.81 crore as on March 31, 2019 owing to losses at the net level.

Further, the PBILDT margin stood low at 5.97% in FY19. PBILDT margin declined from 20.97% in FY18 due to increase in employee benefit expenses of the company. The company reported losses at the net level as well as at the cash level in FY19.

Leveraged capital structure and weak debt coverage indicators

The capital structure of the company deteriorated from 7.14x as on March 31, 2018 to 19.68x as on March 31, 2019 on account of erosion of networth due to losses at the net level. The debt coverage indicators also remained weak owing to higher interest expenses incurred and losses at the cash level in FY19.

High competition in the education sector and regulatory risk

The informal education sector primarily coaching is dependent on the core education system. Any structural change in the core education system such as changes in competitive exam structures can affect the coaching industry. Furthermore, the coaching segment has both organised and unorganised players which leads to high fragmentation and intense competition and an increase in coaching institutes over the past few years have resulted into intense competition.

Key Rating Strengths

Experienced promoters with qualified teaching staff

ATP has been providing education services since 2008 in Ludhiana, Punjab. The company is currently being managed by Mr Ram Krishan Goyal who has a work experience of around three decades and Mr Deepak Goyal & Mrs Amita Rani Goyal who have work experience of around a decade. Furthermore, ATP has employed experienced and qualified teaching staff to support the academic requirements of the coaching institute.

Analytical Approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)

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

[Rating Methodology-Education Sector](#)
[Financial ratios – Non-Financial Sector](#)

About the company
Incorporated in 2008, Ludhiana based Aryabhatta Tutorials Private Limited (ATP) is engaged in the business of providing coaching for various medical and non-medical entrance examinations like Joint Entrance Examination (JEE), the All-India Institute of Medical Science (AIIMS) entrance exam and All India Engineering Entrance Examination (AIEEE). Mr. Ram Krishan Goyal, Mr. Deepak Goyal and Mrs. Amita Rani Goyal are the directors of ATP. The company provides coaching under brand name “EduSquare”, at its two coaching centers located in Ludhiana, Punjab and one coaching center located in Ferozpur, Punjab. ATP offers class room based coaching through study material developed by in-house faculty.

Brief Financials (Rs. crore)	FY18(A)	FY19(A)
Total operating income	6.17	5.94
PBILDT	1.29	0.35
PAT	0.01	-1.38
Overall gearing (times)	7.14	19.68
Interest coverage (times)	1.27	0.21

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	ISIN No.	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	July, 2027	5.00	CARE D
Fund-based - LT-Cash Credit	-	-	-	-	1.00	CARE D

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 2019-2020	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.	Fund-based - LT-Term Loan	LT	5.00	CARE D	-	1)CARE B; Stable (24-Jul-18)	1)CARE B+; Stable (20-Jun-17)	-
2.	Fund-based - LT-Cash Credit	LT	1.00	CARE D	-	1)CARE B; Stable (24-Jul-18)	1)CARE B+; Stable (20-Jun-17)	-

Annexure-3: Detailed explanation of covenants of the rated facilities: Not Applicable

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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Name: Mr. Gaurav Gupta
Tel: 0172-4904002
Email: gaurav.g@careratings.com

Relationship Contact
Name: Mr. Anand Jha
Tel: 0172-4904001. :
Email ID : anand.jha@careratings.com

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3B Fibreglass Norway AS
October 11, 2019

Ratings same as in RL

Facilities	Amount (Rs. crore)	Rating[3]	Rating Action
Bank Facilities - Term Loan	-	-	Revised from CARE BB; Stable [Double B; Outlook: Stable] to CARE D [Single D] and Withdrawn

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers
The revision in rating of long term bank facilities of 3B Fibreglass Norway AS from CARE BB; Stable to CARE D is on account of delays in servicing the term loan as per banker feedback.

CARE has withdrawn the rating of 'CARE D' assigned to the bank facilities of 3B Fibreglass Norway AS with immediate effect. Withdrawal action has been taken at the request of 3B Fibreglass Norway AS and 'No Objection Certificate' received from the bank that has extended the facilities rated by CARE.

Analytical approach: Standalone

Applicable Criteria
Policy on Withdrawal of ratings
Policy on Default recognition

About the Company
Headquartered in Battice, Belgium, 3B Fibreglass Norway AS is a subsidiary of 3B Binani Glassfibre SARL (3B Binani), which is a part of Braj Binani group. 3B Binani is Europe's leading manufacturer of fibreglass for reinforcement of thermoplastics and thermoset polymer applications and is a preferred supplier for companies in the automotive and wind energy sectors. Over 90% of 3B Binani's customers are based in Europe. 3B Binani is a holding company. The group has three manufacturing facilities:
a) At Battice (Belgium) – in the books of 3B Fibreglass SPRL
b) At Birkeland (Norway) – housed in the books of 3B Fibreglass Norway
c) At Goa (India) – in the books of Goa Glass Fibre Ltd.; acquired in 2013

3B Binani's product portfolio comprises dry use chopped strands, continuous filament mats, direct rovings, speciality wet-use shopped strands, milled fibres and yarns.

NOK (MN)

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	491.8	461.9
PBILDT	129.3	64.3
PAT	67	15.1
Interest coverage (times)	12.71	5.43

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

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	-	-	-	0.00	Withdrawn

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

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 2019-2020	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.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BB; Stable (27-Dec-18)	1)CARE BB; Stable (11-Aug-17)	1)CARE BB (18-Jul-16)

Annexure-3: Financial Covenants
Not Available

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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Sharmila Jain
Contact no. - +91-22-6754 3638
Email ID – sharmila.jain@careratings.com

Business Development Contact
Meenal Sikchi
Contact no. - +91-22-6754 3455
Email ID: meenal.sikchi@careratings.com

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3B Binani Glassfibre SARL
October 11, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating[4]	Rating Action
Bank Facilities- Term Loan	-	-	Reaffirmed at CARE D and Withdrawn

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers
CARE has reaffirmed and withdrawn the outstanding ratings of 'CARE D' assigned to the bank facilities of 3B Binani Glassfibre SARL with immediate effect. The above action has been taken at the request of 3B Binani Glassfibre SARL and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE.

Analytical approach: Standalone

Applicable Criteria
[Policy on Withdrawal of ratings]
[Policy on Default Recognition]

About the Company
3B Binani Glassfibre Sarl (3B Binani SARL), headquartered in Battice, Belgium and a part of Braj Binani group, is one of the leading manufacturer of fiberglass in Europe for reinforcement of thermoplastics and thermoset polymer applications and is a preferred supplier mainly to automotive and wind energy sectors. 3B Binani SARL is a holding company. The group has three manufacturing facilities:

a) At Battice (Belgium)
b) At Birkeland (Norway)
c) At Goa (India)

3B Binani's product portfolio comprises of dry use chopped strands, continuous filament mats, direct rovings, speciality wet-use shopped strands, milled fibres and tartarised yarns. The company's products offer qualities such as high strength to weight ratio as well as chemical resistance and electrical insulation that render them perfectly suited to a wide range of applications and competitive alternative to traditional materials such as metal and more expensive alternatives.

Euro (MN)

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	186.9	209.2
PBILDT	30.4	43.9
PAT	-8.3	12.8
Overall gearing (times)	NM	NM
Interest coverage (times)	1.54	2.35

NM: Not Meaningful

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

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	-	-	-	0.00	Withdrawn

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

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 2019-2020	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.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE D (27-Dec-18) 2)CARE D (02-Nov-18)	1)CARE BB; Stable (11-Aug-17)	1)CARE BB (18-Jul-16)

Annexure-3: Financial Covenants

Not Available

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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Sharmila Jain
Contact no. - +91-22-6754 3638
Email ID – sharmila.jain@careratings.com

Business Development Contact
Meenal Sikchi
Contact no. - +91-22-6754 3455
Email ID: meenal.sikchi@careratings.com

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P.M.R. Constructions India Private Limited
October 11, 2019

Rating(S)

Facilities	Amount (Rs. crore)	Ratings[5]	Rating Action
Long -term Bank Facilities	7.00	CARE D; ISSUER NOT COOPERATING* (Single D Issuer not cooperating)	Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Short-term Bank Facilities	20.00	CARE D; ISSUER NOT COOPERATING* (Single D Issuer not cooperating)	Revised from CARE A4; ; ISSUER NOT COOPERATING* on the basis of best available information
Total Facilities	**27.00 (Rs. Twenty Seven Crore Only)**		

Details of facilities in Annexure-1

Detailed Rationale& Key Rating Drivers

CARE had, vide its press release dated June 04, 2019, placed the rating(s) of P.M.R. Constructions India Private Limited (PMR) under the 'Issuer non-cooperating' category as PMR had failed to provide information for monitoring of the rating. Inline 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.

Detailed description of the key rating drivers

The revision in the ratings assigned to the bank facilities of P.M.R. Constructions India Private Limited (PCIPL) takes into account ongoing delays in debt servicing by the company.

Key rating Weaknesses

Ongoing delays in debt servicing

P.M.R. Constructions India Private Limited has been facing liquidity issues from past few months, due to which the company is unable to service the interest obligation on working capital facility.

Key Rating Strengths

Established track record and experienced promoters for more than a decade in civil and electrical works

Although the company, PMR, has a short track record of operations, however, it is partially offset by the fact that the commercial operations were started post the take-over of M/s Palem Maheswara Reddy, a proprietorship concern of the Managing Director- Mr. P. Maheswara Reddy, which was established in the year 2000. The company is also promoted by Mrs. P Lakshmi Prasanna, w/o Mr. P Maheswara reddy, who has more than a decade of experience in civil and electrical works. Further, the company has established good relationship with suppliers and customers due to the long term presence of the promoters in the business, which is also likely to benefit the company in future.

Analytical Approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Financial ratios – Non-Financial Sector

About the company

Andhra Pradesh based, PMR Constructions India Private Limited (PMR), was incorporated in the year 2015 with its registered office at Pulivendula, Cuddapah. The promoters of the company are Mr. P Maheswara reddy (Managing Director) and Mrs. P Lakshmi Prasanna (Director). PMR started its business operations after taking over an existing proprietorship concern i.e. M/s Palem Maheswara Reddy (established in the year 2000). Currently, PMR is engaged in civil construction works such as construction of buildings, sub stations and transmission lines of all voltage levels. The company procures its work orders from government (Andhra Pradesh and Telangana), by participating in online tenders,

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*
**Issuer not Cooperating, Based on best available information*

and also from private authorities. As on May 31 2018, the company has an order book worth Rs. 55.14 crore and the same is likely to be completed by March 2019.

Brief Financials (Rs. crore)	FY16(A)	FY17 (A)
Total operating income	35.83	45.82
PBILDT	4.53	4.82
PAT	2.51	2.65
Overall gearing (times)	1.38	1.02
Interest coverage (times)	4.00	3.93

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

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	-	-	-	7.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	20.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of 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 2019-2020	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.	Fund-based - LT-Bank Overdraft	LT	7.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE B+; Stable; ISSUER NOT COOPERATING* (04-Jun-19)	1)CARE BB-; Stable (06-Jul-18)	-	-
2.	Non-fund-based - ST-Bank Guarantees	ST	20.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE A4; ISSUER NOT COOPERATING* (04-Jun-19)	1)CARE A4 (06-Jul-18)	-	-

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.*

**Issuer did not cooperate, based on best available information*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Mr. Manish Kumar
Contact no: 040-67937415
Email: manish.kumar@careratings.com

Business Development Contact
Mr. Aakash Jain
Contact no: +91-20- 4000 9000
E-mail: aakash.jain@careratings.com

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Ambal Modern Rice Mill
October 11, 2019

Rating

Facilities	Amount (Rs. crore)	Ratings[6]	Rating Action
Long -term Bank Facilities	18.75	CARE B+; Stable ISSUER NOT COOPERATING* (Single B Plus; Outlook : Stable) ISSUER NOT COOPERATING*	Revised from CARE BB-; Stable (Double B Minus; Outlook Stable)
Total Facilities	**18.75 (Eighteen Crore and Seventy Five Lakhs only)**		

Details of instruments/facilities in Annexure

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Ambal Modern Rice Mill (AMRM) to monitor the rating vide e-mail communications/ letters dated May 13, 2019, June 11, 2019, June 2l0, 2019 and July 17, 2019 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of best available information which however, in CARE's opinion is not sufficient to arrive at fair rating.** The rating on Ambal Modern Rice Mill's bank facilities will now be denoted as **CARE B+;Stable; ISSUER NOT COOPERATING***

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

Detailed description of the key rating drivers

At the time of last rating on May 25, 2018 the following were the rating strengths and weaknesses:

Key Rating Weakness

Key Rating Weaknesses

Small scale of operations with declining profitability margins during review period

The total operating income stood moderate at Rs.84.72 crore in FY17 with low net worth base of Rs.7.45 crore as on March 31, 2017 when compared to other peers in the industry. Hence, it has small scale of operations

The profitability margins of the firm are seen declining during the review period. The PBILDT margins of the firm declined from 3.15% in FY16 to 2.99% in FY17 due to increase in wages and other manufacturing expenses. The firm has thin PAT margin during review period. The PAT margin of the firm stood at 0.18% in FY17 due to high interest costs and decline in PBILDT in absolute terms.

Moderate capital structure and weak debt coverage indicators

The capital structure of the firm remained moderate during review period. The debt equity ratio of the firm has been improving year-on-year and remained below unity for the last three balance sheet date ended March 31, 2017, due to repayment of term loan coupled with increase in tangible net worth. The overall gearing ratio of the firm marginally deteriorated from 2.45x in FY15 to 2.55x in FY17 due to increase in working capital bank borrowing limits of the firm as on March 31, 2017.

The debt coverage indicators of the firm remained at weak and marked by total debt/GCA which deteriorated from 20.24x in FY15 to 25.70x in FY17 due to increase in total debt level (unsecured loans & working capital bank borrowings). Furthermore, the PBILDT interest coverage ratio, deteriorated from 1.57x in FY15 to 1.47x in FY17 due to increase in interest cost (enhanced facilities of working capital bank borrowings) and decline in PBILDT level.

Proprietorship nature of constitution with inherent risk of withdrawal of capital

Constitution as a proprietorship has the inherent risk and possibility of withdrawal of capital at a time of personal contingency which can adversely affect the capital structure of the firm. Furthermore, proprietorships have restricted access to external borrowings as credit worthiness of the proprietor would be a key factor affecting the credit decision of lenders.

Seasonal nature of availability of paddy resulting in working capital intensive nature of operations

Paddy in India is harvested mainly at the end of two major agricultural seasons Kharif (June to September) and Rabi (November to April). The millers have to stock enough paddy by the end of the each season as the price and quality ofpaddy is better during the harvesting season. During this time, the working capital requirements of the rice millers are generally on the higher side. Majority of the firm's funds are blocked in inventory and with customers. Moreover, the paddy is procured from the

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

farmers generally against cash payments or with a minimal credit period of 2-3 days while the millers have to extend credit to the wholesalers and distributors around 30-35 days resulting in high working capital utilization reflecting working capital intensity of business. The average utilization of fund based working capital limits of the firm was utilized (90%) during the last 12 months period ended April 30, 2018. The firm reported satisfactory liquidity position marked by its current ratio and quick ratio at 1.29x and 0.50xas on March 31, 2017, which is almost stable compare to previous year (1.28x and 0.55x during FY16). Further the firm had cash and bank balances to the tune of Rs. 0.36 Crore as of March 31, 2017.

Key Rating Strengths

Long track record and experience of promoter for more than two decades in rice business

AMRM was established in the year 2000, hence it has a established track record and the firm is promoted by Ms. Wahida (Proprietor). The business operations of the firm are supported by the spouse of Ms Wahida. She is having around 20 years of experience in rice processing business. Through their experience in the rice processing, they have established healthy relationship with key suppliers, customers, local farmers, dealers and also with the brokers facilitating the rice business within the state and also the other states.

Growth in total operating income during review period

The total operating income of the firm has increased at a Compounded Annual Growth Rate (CAGR) of 5.52% from Rs. 72.10 crore in FY15 to Rs.84.72 crore in FY17 due to continuous demand from existing customers along with addition of new customers.

Locational advantage with presence in cluster and easy availability of paddy

The rice milling unit of AMRM is located at Sivagangai district which is the top district for producing paddy in Tamil Nadu. The manufacturing unit is located near the rice producing region, which ensures easy raw material access and smooth supply of raw materials at competitive prices and lower logistic expenditure.

Healthy demand outlook of rice

Rice is consumed in large quantity in India which provides favorable opportunity for the rice millers and thus the demand is expected to remain healthy over medium to long term. India is the second largest producer of rice in the world after China and the largest producer and exporter of basmati rice in the world. The rice industry in India is broadly divided into two segments – basmati (drier and long grained) and non-basmati (sticky and short grained). Demand of Indian basmati rice has traditionally been export oriented where the South India caters about one-fourth share of India's exports. However, with a growing consumer class and increasing disposable incomes, demand for premium rice products is on the rise in the domestic market. Demand for non-basmati segment is primarily domestic market driven in India. Initiatives taken by government to increase paddy acreage and better monsoon conditions will be the key factors which will boost the supply of rice to the rice processing units. Rice being the staple food for almost 65% of the population in India has a stable domestic demand outlook. On the export front, global demand and supply of rice, government regulations on export and buffer stock to be maintained by government will determine the outlook for rice exports.

Liquidity Analysis - *Information not available*

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]
[CARE's Methodology for Manufacturing Companies]

About the firm

Ambal Modern Rice Mill (AMRM) was established in 2000 as a proprietorship firm. AMRM is engaged in milling and processing of rice. The rice milling unit of the firm is located at Puduvayal, Tamil Nadu. Apart from rice processing, the firm is also engaged in selling off bi-products such as broken rice, husk and bran. The main raw material, paddy, is directly procured from local farmers located in and around Puduvayal District and the firm sells rice and other bi-products in the states of Tamil Nadu, Karnataka, Andhra Pradesh and Manipur.

Brief Financials (Rs. crore)	FY16(Audited)	FY17 (Audited)
Total operating income	84.70	84.72
PBILDT	2.67	2.53
PAT	0.17	0.15
Overall gearing (times)	2.56	2.55
Interest coverage (times)	1.53	1.47

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

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	-	-	-	18.75	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of 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 2019-2020	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.	Fund-based - LT-Cash Credit	LT	18.75	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information	-	1)CARE BB-; Stable (12-Oct-18)	-	-

***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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Group Head Name - Manish Kumar
Group Head Contact no.- 040-67937415
Group Head Email ID - manish.kumar@careratings.com

Business Development Contact
Name: Uma. S
Contact no. : 9894321525
Email ID : uma.s@careratings.com

About CARE Ratings:

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K. B. Tea Product Private Limited
October 11, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating[7]	Rating Action
Long term Bank Facilities	5.60	**CARE BB; Stable (Double B; Outlook: Stable)**	**Reaffirmed**
Short term Bank Facilities	0.40	**CARE A4 (CARE A4)**	
Total	**6.00 (Rs. Six Crore Only)**		

**Details of facilities in Annexure-1*

Detailed Rationale & Key Rating Drivers

The ratings for the bank facilities of K. B. Tea Product Private Limited continue to be constrained by its moderately small scale of operations with low profit margins, susceptible to vagaries of the nature, volatility associated with tea prices, high competition with lack of backward integration. However, the aforesaid constraints are partially offset by its experienced promoters with long track record, established brand name with satisfactory demand for the major manufactured products i.e. black tea in both domestic and foreign market coupled with association with reputed clientele with proximity to raw material sources and comfortable capital structure with satisfactory debt coverage indicators.
Going forward, ability of the entity to grow its scale of operations and profitability margins and ability to manage working capital effectively are the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Weaknesses

Moderately small scale of operation with low profitability margin

The total operating income (TOI) of the company continues to grow at a CAGR of 5.45% with the same increased by 6.50% during FY19 vis-à-vis FY19 and the same stood at Rs.62.56 crore in FY19. The total operating income increased in FY19 on account of stable demand of tea in the market. The net worth base of the company also remained moderate at Rs.7.08 crore as on Mar 31, 2019. The small size restricts the financial flexibility of the company in terms of stress and deprives it from benefits of economies of scale. Due to its relatively small scale of operations, the absolute profit levels of the company also remained low. The PBILDT margin and PAT margin has improved during FY19 over FY18 further the same remained low at 3.68% and 2.10% during FY19. Furthermore, GCA of the company improved during FY19 over FY19 and remained adequate at Rs.1.46 crore in FY19. This apart the company has achieved sale of Rs.24.00 crore during H1FY20.

Susceptible to vagaries of the nature

Most of the tea gardens from which KBTP procures green leaves are concentrated in the state of West Bengal and Assam. However, the region is prone to erratic weather conditions. Therefore adverse natural events have negative bearing on the productivity of tea gardens in the region and accordingly KBTP is exposed to vagaries of nature.

Volatility associated with tea prices

The prices of tea are linked to the auctioned prices, which in turn, are linked to prices of tea in the international market. Hence, significant adverse price movement in the international tea market affects KBTPPL's profitability margins. Further, tea prices fluctuate widely with demand-supply imbalances arising out of both domestic and international scenarios. Tea is a perishable product and demand is relatively price inelastic, as it caters to all segments of the society. While demand has a strong growth rate, supply can vary depending on climatic conditions in the major tea growing countries. Unlike other commodities, tea price cycles have no linkage with the general economic cycles, but with agro-climatic conditions.

High competition with lack of backward integration

The tea industry is an organized agro-industry. It is highly fragmented in India with presence of many small, mid-sized and large players. There are number of tea brands in India, of which 90% of the brands are represented by regional players while the balance of the 10% is dominated by Tata Tea, HUL, Wag Bakri Chai, Godrej, Sapat International and others. Furthermore, the company does not own any tea garden, thus it has to depend completely on local gardens and open market which in turn decreases its profitability on account of lack of backward integration.

Key Rating Strengths

Experienced promoters with long track record

KBTP has been engaged in tea blending, packaging and marketing since 1998. KBTP is currently managed by Mr. Srawan Choudhary, having over two decades of experience in the similar line of business. This apart, all other three directors are also having over a decade of experience in similar industry.

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

Established brand name with satisfactory demand for the major manufactured products i.e. black tea in both domestic and foreign market coupled with association with reputed clientele
KBTP sells its products under the brand name of "City Gold Tea" which is widely known brand in the domestic market. Tea has satisfactory demand level in domestic and export market as widely used beverage.
Currently, the company markets its product in 17 states of India and has signed a selling arrangement with Indian Oil Corporation and Northern Railways.

Proximity to raw material sources
KBTP's unit has close proximity to local tea gardens and processing plants. Further, West Bengal and nearby state like Assam are one of the major tea producing area in India. Accordingly, KBTP has locational advantage in terms of proximity to raw material. This apart, the plant is located in the vicinity of industrial area of West Bengal, having good transportation facilities and other requirements like good supply of power, water etc.

Comfortable capital structure with satisfactory debt coverage indicators
The capital structure of the company remained satisfactory marked by overall gearing ratio at 0.53x, respectively, as on March 31, 2019. The same have improved in FY19 over FY18 mainly on account of lower working capital borrowings as on balance sheet date. The debt coverage indicators also remained satisfactory during last three years (FY17-FY19). The total debt to GCA improved marginally as on March 31, 2019 due to higher increase in cash profit levels and the same remained comfortable at 2.57x as on March 31, 2019.

Liquidity position: Adequate
The liquidity position of the company remained adequate marked by sufficient cushion in gross cash accruals of Rs.1.46 crore vis-à-vis its debt repayment obligation during FY19. The company's average utilization of fund based limits remained moderate (at around 75%) during last 12 months ended September, 2019, supported by above unity current ratio. The cash and bank balance was moderate at Rs.4.31 crore as on March 31, 2019.

Analytical approach: Standalone

Applicable Criteria
Criteria on assigning 'outlook' and 'credit watch'
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments
CARE's Policy on Default Recognition
CARE's methodology for manufacturing companies

About the Company
K. B. Tea Product Private Limited. (KBTP) was incorporated in 1998 to initiate a tea blending, packaging and marketing unit at Siliguri in West Bengal. Currently the company is engaged in procuring processed tea leaf from local tea plants and after blending & packaging of the same, markets the same under its own brand name of "City Gold Tea". Currently the company markets its product in 17 states of India and has signed a selling arrangement with Indian Oil Corporation and Northern Railways.
The day-to-day affairs of the company are looked after by Mr. Srawan Choudhary with the help of the other directors and a team of experienced personal.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	58.74	62.56
PBILDT	1.84	2.31
PAT	0.92	1.31
Overall gearing (times)	0.74	0.53
Interest coverage (times)	5.27	6.32

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

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	-	-	-	5.60	CARE BB; Stable
Non-fund-based - ST-Bank Guarantees	-	-	-	0.40	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 2019-2020	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.	Fund-based - LT-Cash Credit	LT	5.60	CARE BB; Stable	-	1)CARE BB; Stable (13-Aug-18)	1)CARE BB; Stable (07-Sep-17)	-
2.	Non-fund-based - ST-Bank Guarantees	ST	0.40	CARE A4	-	1)CARE A4 (13-Aug-18)	1)CARE A4 (07-Sep-17)	-

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Contact us

Media Contact
Mradul Mishra
Contact no.: +91-22-6837 4424
Email ID: mradul.mishra@careratings.com

Analyst Contact:
Name: Soumen Das
Contact No.: 033-40581907
Email: soumen.das@careratings.com

Relationship Contact
Name: Sambit Das
Contact no. : 033 4058 1904
Email ID: sambit.das@careratings.com

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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Reliance Broadcast Network Limited
October 11, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[8]	Rating Action
Long Term Bank Facilities	83.69	CARE C; Stable (Single C; Outlook: Stable)	Reaffirmed
Total Bank Facilities	**83.69 (Rupees Eighty Three crore and Sixty Nine lakhs only)**		
Non-Convertible Debenture issue (NCD)-1	100.00 (Rupees One Hundred crore only)	CARE D (Single D)	Reaffirmed
Non-Convertible Debenture issue (NCD)-2	66.80 (Rupees Sixty Six crore and Eighty Lakh only)	CARE C; Stable (Single C; Outlook: Stable)	Reaffirmed
Non-Convertible Debenture issue (NCD)-3	50.00 (Rupees Fifty crore only)	CARE C; Stable (Single C; Outlook: Stable)	Reaffirmed
Non-Convertible Debenture issue (NCD)-4	65.00 (Rupees Sixty Five crore Only)	CARE D (Single D)	Revised from CARE C; Stable (Single C; Outlook: Stable)
Non-Convertible Debenture issue (NCD)-5	50.00 (Rupees Fifty crore only)	CARE D (Single D)	Reaffirmed

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the Non-Convertible Debenture issue (NCD)-4 factors in non-payment of the principal of the NCD (ISIN INE445K07155), maturing on October 08, 2019. The ratings assigned to the bank facilities, NCD-2 and NCD-3 continue to be tempered by the weak financial performance of RBNL apart from its weak capital structure and debt coverage indicators and stretched liquidity position. The ratings also factor in the long track record of operations of the company, proposed acquisition of RBNL by Music Broadcast Ltd. (MBL) and positive outlook for the radio industry. Improvement in the performance of the company with reduction in losses, and acquisition by MBL will be the key rating sensitivities.

Detailed description of the key rating drivers
Key Rating Weaknesses
Delay in debt servicing

NCD-4 comprises of two ISINs INE445K07155 and INE445K07163 of Rs.30 crore and Rs.35 crore respectively. Vide e-mail dated October 10, 2019, the Debenture Trustee (DT) informed CARE that RBNL had not repaid principal due on ISIN INE445K07155 on the due date of October 08, 2019. Further, the DT has confirmed that interest on both the ISINs was duly serviced.

Weak financial performance

The company reported a total operating income of Rs.313.91 crore in FY19 as compared to Rs.318.27 crore in FY18. The PBILDT level reduced by 7.64% in FY19 on account of lower operating income and increase in the expenditure. RBNL's interest cost increased to Rs.164.65 crore in FY19 mostly on account of increased borrowings.
RBNL incurred loss at both the PBT as well as PAT levels in FY19. However, the net loss reduced from Rs.132.43 crore in FY18 to Rs.108.63 crore in FY19 mostly on account of extraordinary expense of Rs.22.45 crore incurred in FY18 as against extraordinary income of Rs.1.94 crore in FY19. Further, the company has been incurring cash losses for the last few years with cash loss of Rs.74.09 crore in FY19 as against cash loss of Rs.89.36 crore in FY18. In Q1FY20 RBNL

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

incurred net loss of Rs.26.45 crore over the total operating revenue of Rs.64.00 crore. For radio industry H1 is generally a lean period and H2 is peak period.

Weak capital structure and debt coverage indicators
RBNL reported continuous losses over the past few years have eroded the networth of the company. RBNL reported a negative networth over the past few years resulting in negative networth of Rs.1116.27 crore as on March 31, 2019. Accordingly, the overall gearing and total debt to GCA ratios are not meaningful. The interest coverage ratio of the company deteriorated to 0.54x as compared to 0.59x on account of increase in interest cost and continues to be weak. It may be noted that license fees has not been considered as a part of the tangible networth of the company as the details of same is not available with CARE.

Stretched liquidity position
RBNL's collection period deteriorated from 64 days in FY18 to 128 days to FY19. RBNL recorded its highest revenue in the last three years in Q4FY19 resulting in significant build-up of receivables at the end of the year. Further, the creditor's period also deteriorated from 46 days in FY18 to 90 days in FY19, which resulted in the deterioration of the working capital cycle from 20 days in FY18 to 42 days in FY19. The average utilization of the cash credit facility was around 73% for the 12 months ended July 2019 with peak utilization of 92% in July 2019.

Key Rating Strengths
Long track record of operations
RBNL, incorporated on December 27, 2005, is a part of the Anil Ambani -led Reliance Group. The company is in the business of radio broadcasting (92.7 BIG FM). RCL and Reliance Land Ltd. (RLL) are the major shareholders in RBNL. The company is into the radio business for over a decade.

Proposed acquisition of RBNL by Music Broadcast Ltd. (MBL)
The promoters of RBNL are in the process of divesting its entire stake to Jagran Prakashan Ltd. owned Music Broadcast Ltd. for a total consideration of Rs.1050 crore. As per the deal, MBL will acquire 40 stations out of 58 stations of RBNL. The remaining 18 stations have an overlap with the MBL's stations, and hence are not included in the deal. RBNL will sell the remaining 18 stations to other buyers at an estimated value of Rs.150 crore. The deal is yet to be finalized. MBL will initially acquire 24% equity stake of RBNL through preferential allotment for a total consideration of Rs.202 crore.

Positive outlook of radio industry
Radio industry is on growth trajectory. Going ahead the industry may witness an uptick in M&A Activity with large media groups looking to acquire regional/small radio networks, with lock-in on license migrated under the Phase-III regime expired. Moreover, any relaxation in the FDI limit, from the current 49% will result in further investment by global strategic players in Indian radio market. Radio will enable more growth through brand leverage, across concerts, branded content and delivery, events and activations, podcasts, etc. The industry would drive up to 20% of topline from non-FCT revenues by 2021.

Liquidity Analysis: RBNL's collection period deteriorated from 64 days in FY18 to 128 days to FY19. RBNL recorded its highest revenue in the last three years in Q4FY19 resulting in significant build-up of receivables at the end of the year. Further, the creditor's period also deteriorated from 46 days in FY18 to 90 days in FY19, which resulted in the deterioration of the working capital cycle from 20 days in FY18 to 42 days in FY19. The average utilization of the cash credit facility was around 73% for the 12 months ended July 2019 with peak utilization of 92% in July 2019.

Analytical approach
(I) For the bank facilities, NCD-2, NCD-3, NCD-4 and NCD-5 above: Standalone

(II) For the rating based on credit enhancement (i.e. NCD-1 above): The rating of NCD-1 is based on the credit enhancement in the form of structure based on loan against pledge of shares (LAS) of Reliance Nippon Asset Management Ltd. (RNAM) and share purchase agreement entered into between the lenders, Nippon Life Insurance Company (NLIC), RCL and Indusind Bank, whereby the transaction was expected to conclude on September 13, 2019 for ISINs INE445K07122 and INE445K07130. The earlier ratings factored in the comfortable security cover against the loan extended, market risk mitigated by the locked-in share price and volume for RNAM shares. However, RCL guarantee continues to be in force although the same has not been considered in the analytical approach.

Applicable Criteria:
CARE's Policy on default recognition
Rating Methodology: Factoring Linkages in Ratings
Loan backed by pledge of shares
Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Rating
Financial ratios – Non-Financial Sector
Rating Methodology - Service Sector Companies
Rating Credit Enhanced Debt

About the Company – RBNL
RBNL, incorporated on December 27, 2005, is a part of the Anil Ambani-led Reliance Group. The company is in the business of radio broadcasting (BIG FM). On May 29, 2019 the RCL and Reliance Land Pvt. Ltd. (RLPL) announced divestment their entire equity stake in RBNL to Music Broadcast Ltd., which is owned by Jagran Prakashan Ltd., for a total consideration of Rs.1050 crore. As per RBNL's management, the entire transaction is expected to close in April 2020.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)	FY19 (Prov.)
Total operating income	315.61	318.27	313.91
PBILDT	86.28	95.50	88.21
PAT	-210.22	-132.43	-108.63
Overall gearing (times)	NM	NM	NM
Interest coverage (times)	0.54	0.59	0.54

A: Audited
Note: Financials are classified as per CARE Standards

Status of non-cooperation with previous CRA: Not Applicable
Any other information: Not Applicable
Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	40.00	CARE C; Stable
Non-fund-based - LT-Bank Guarantees	-	-	-	-	10.36	CARE C; Stable
Fund-based - LT-Term Loan	-	February 15, 2016	10.55%	Feb 16, 2020	33.33	CARE C; Stable
Debentures-Non Convertible Debentures	INE445K07122	August 06, 2015	11.50%	October 10, 2019	50.00	CARE D
Debentures-Non Convertible Debentures	INE445K07130	August 06, 2015	11.50%	October 10, 2019	50.00	CARE D
Debentures-Non Convertible Debentures	INE445K07106	July 20, 2015	9.50%	July 20, 2020	66.80	CARE C; Stable

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE445K07049	May 13, 2015	9.50%	May 13, 2020	50.00	CARE C; Stable
Debentures-Non Convertible Debentures	INE445K07155	October 08, 2015	11.60%	October 8, 2019	35.00	CARE D
Debentures-Non Convertible Debentures	INE445K07163	October 08, 2015	11.60%	October 8, 2020	30.00	CARE D
Debentures-Non Convertible Debentures	INE445K07189	September 14, 2016	10.25%	October 10, 2019	50.00	CARE D

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 2019-2020	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.	Fund-based - LT-Cash Credit	LT	40.00	CARE C; Stable	1)CARE C; Stable (17-Sep-19) 2)CARE BB; Stable (04-Sep-19) 3)CARE BBB (CE) (Under Credit watch with Negative Implications) (12-Jul-19) 4)CARE BBB (SO) (Under Credit watch with Developing Implications) (27-May-19) 5)CARE A (SO) (Under Credit watch with Developing Implications) (25-Apr-19)	1)CARE A+ (SO) (Under Credit watch with Developing Implications) (13-Mar-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	1)CARE AA+ (SO) (Under Credit watch with Developing Implications) (02-Feb-18) 2)CARE AA+ (SO) (Under Credit watch with Developing Implications) (08-Jan-18) 3)CARE AA+ (SO) (Under Credit watch with Developing Implications) (25-Jul-17) 4)CARE AA+ (SO) (Under Credit watch with Developing Implications) (05-Apr-17)	1)CARE AAA (SO) (Under Credit Watch) (13-Oct-16)
2.	Non-fund-based - LT-Bank Guarantees	LT	10.36	CARE C; Stable	1)CARE C; Stable (17-Sep-19) 2)CARE BB; Stable (04-Sep-19) 3)CARE BBB (CE)	1)CARE A+ (SO) (Under Credit watch with Developing Implications) (13-Mar-19)	1)CARE AA+ (SO) (Under Credit watch with Developing Implications) (02-Feb-18)	1)CARE AAA (SO) (Under Credit Watch) (13-Oct-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
					(Under Credit watch with Negative Implications) (12-Jul-19) 4)CARE BBB (SO) (Under Credit watch with Developing Implications) (27-May-19) 5)CARE A (SO) (Under Credit watch with Developing Implications) (25-Apr-19)	2)CARE AA (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	2)CARE AA+ (SO) (Under Credit watch with Developing Implications) (08-Jan-18) 3)CARE AA+ (SO) (Under Credit watch with Developing Implications) (25-Jul-17) 4)CARE AA+ (SO) (Under Credit watch with Developing Implications) (05-Apr-17)	16)
3.	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (12-Jul-19) 2)CARE BBB (SO) (Under Credit watch with Developing Implications) (27-May-19) 3)CARE A (SO) (Under Credit watch with Developing Implications) (25-Apr-19)	1)CARE A+ (SO) (Under Credit watch with Developing Implications) (13-Mar-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	1)CARE AA+ (SO) (Under Credit watch with Developing Implications) (02-Feb-18) 2)CARE AA+ (SO) (Under Credit watch with Developing Implications) (08-Jan-18) 3)CARE AA+ (SO) (Under Credit watch with Developing Implications) (25-Jul-17) 4)CARE AA+ (SO) (Under Credit watch with Developing Implications) (05-Apr-17)	1)CARE AAA (SO) (Under Credit Watch) (13-Oct-16)
4.	Fund-based - LT-Term Loan	LT	33.33	CARE C; Stable	1)CARE C; Stable (17-Sep-19) 2)CARE BB; Stable (04-Sep-19) 3)CARE BBB (CE)	1)CARE A (SO) (Under Credit watch with Developing Implications) (13-Mar-19)	1)CARE AA- (SO) (Under Credit watch with Developing Implications) (08-Jan-18)	1)CARE AA (SO) (Under Credit Watch) (13-Oct-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
					(Under Credit watch with Negative Implications) (12-Jul-19) 4)CARE BBB (SO) (Under Credit watch with Developing Implications) (27-May-19) 5)CARE A (SO) (Under Credit watch with Developing Implications) (25-Apr-19)	2)CARE AA- (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	2)CARE AA- (SO) (Under Credit watch with Developing Implications) (25-Jul-17) 3)CARE AA- (SO) (Under Credit watch with Developing Implications) (05-Apr-17)	16)
5.	Debentures-Non Convertible Debentures	LT	100.00	CARE D	1)CARE D (17-Sep-19) 2)CARE BBB- (CE) (Under Credit watch with Developing Implications) (04-Sep-19) 3)CARE BBB (CE) (Under Credit watch with Negative Implications) (12-Jul-19) 4)CARE BBB (SO) (Under Credit watch with Developing Implications) (27-May-19) 5)CARE A (SO) (Under Credit watch with Developing Implications) (25-Apr-19)	1)CARE A+ (SO) (Under Credit watch with Developing Implications) (13-Mar-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	1)CARE AA+ (SO) (Under Credit watch with Developing Implications) (08-Jan-18) 2)CARE AA+ (SO) (Under Credit watch with Developing Implications) (25-Jul-17) 3)CARE AA+ (SO) (Under Credit watch with Developing Implications) (05-Apr-17)	1)CARE AAA (SO) (Under Credit Watch) (13-Oct-16)
6.	Debentures-Non Convertible Debentures	LT	50.00	CARE C; Stable	1)CARE C; Stable (17-Sep-19) 2)CARE BB; Stable (04-Sep-19)	1)CARE A+ (SO) (Under Credit watch with Developing Implications)	1)CARE AA- (SO) (Under Credit watch with Developing Implications)	1)CARE AA (SO) (Under Credit Watch)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
					3)CARE BBB (CE) (Under Credit watch with Negative Implications) (12-Jul-19) 4)CARE BBB (SO) (Under Credit watch with Developing Implications) (27-May-19) 5)CARE A (SO) (Under Credit watch with Developing Implications) (25-Apr-19)	(13-Mar-19) 2)CARE AA- (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	(08-Jan-18) 2)CARE AA- (SO) (Under Credit watch with Developing Implications) (16-Aug-17) 3)CARE AA- (SO) (Under Credit watch with Developing Implications) (25-Jul-17) 4)CARE AA- (SO) (Under Credit watch with Developing Implications) (05-Apr-17)	(13-Oct-16)
7.	Debentures-Non Convertible Debentures	LT	66.80	CARE C; Stable	1)CARE C; Stable (17-Sep-19) 2)CARE BB; Stable (04-Sep-19) 3)CARE BBB (CE) (Under Credit watch with Negative Implications) (12-Jul-19) 4)CARE BBB (SO) (Under Credit watch with Developing Implications) (27-May-19) 5)CARE A (SO) (Under Credit watch with Developing Implications) (25-Apr-19)	1)CARE A+ (SO) (Under Credit watch with Developing Implications) (13-Mar-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	1)CARE AA+ (SO) (Under Credit watch with Developing Implications) (08-Jan-18) 2)CARE AA+ (SO) (Under Credit watch with Developing Implications) (25-Jul-17) 3)CARE AA+ (SO) (Under Credit watch with Developing Implications) (05-Apr-17)	1)CARE AAA (SO) (Under Credit Watch) (13-Oct-16)
8.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (27-May-19) 2)CARE A (SO) (Under Credit watch with Developing	1)CARE A+ (SO) (Under Credit watch with Developing Implications) (13-Mar-19)	1)CARE AA+ (SO) (Under Credit watch with Developing Implications) (08-Jan-18)	1)CARE AAA (SO) (Under Credit Watch) (13-Oct-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
					Implications) (25-Apr-19)	2)CARE AA (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	2)CARE AA+ (SO) (Under Credit watch with Developing Implications) (25-Jul-17) 3)CARE AA+ (SO) (Under Credit watch with Developing Implications) (05-Apr-17)	16) 2)CARE AAA (SO) (Under Credit Watch) (25-Apr-16)
9.	Debentures-Non Convertible Debentures	LT	50.00	CARE D	1)CARE D (17-Sep-19) 2)CARE BB; Stable (04-Sep-19) 3)CARE BBB (CE) (Under Credit watch with Negative Implications) (12-Jul-19) 4)CARE BBB- (SO) (Under Credit watch with Developing Implications) (27-May-19) 5)CARE A- (SO) (Under Credit watch with Developing Implications) (25-Apr-19)	1)CARE A (SO) (Under Credit watch with Developing Implications) (13-Mar-19) 2)CARE AA- (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	1)CARE AA- (SO) (Under Credit watch with Developing Implications) (08-Jan-18) 2)CARE AA- (SO) (Under Credit watch with Developing Implications) (16-Aug-17) 3)CARE AA- (SO) (Under Credit watch with Developing Implications) (25-Jul-17) 4)CARE AA- (SO) (Under Credit watch with Developing Implications) (05-Apr-17)	1)CARE AA (SO) (Under Credit Watch) (13-Oct-16) 2)CARE AA (SO) (Under Credit Watch) (27-Sep-16)
10.	Debentures-Non Convertible Debentures	LT	65.00	CARE D	1)CARE C; Stable (17-Sep-19) 2)CARE BB; Stable (04-Sep-19) 3)CARE BBB (CE) (Under Credit watch with Negative Implications) (12-Jul-19) 4)CARE BBB-	1)CARE A (SO) (Under Credit watch with Developing Implications) (13-Mar-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	1)CARE AA+ (SO) (Under Credit watch with Developing Implications) (08-Jan-18) 2)CARE AA+ (SO) (Under Credit watch with Developing Implications) (16-Aug-17)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
					(SO) (Under Credit watch with Developing Implications) (27-May-19) 5)CARE A- (SO) (Under Credit watch with Developing Implications) (25-Apr-19)			
11.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (13-Mar-19) 2)CARE AA (SO) (Under Credit watch with Developing Implications) (17-Oct-18)	1)CARE AA+ (SO) (Under Credit watch with Developing Implications) (08-Jan-18) 2)CARE AA+ (SO) (Under Credit watch with Developing Implications) (16-Nov-17) 3)Provisional CARE AA+ (SO) (Under Credit watch with Developing Implications) (14-Nov-17)	-

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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Niriksha Gupta
Contact no. : +91-22-6754 3561
Email ID: niriksha.gupta@careratings.com

Business Development Contact

Ms. Meenal Sikchi
Cell: + 91 98190 09839
E-mail: meenal.sikchi@careratings.com

Ms. Rashmi Narvankar
Cell: + 91 99675 70636
E-mail: rashmi.narvankar@careratings.com

Mr. Ankur Sachdeva
Cell: + 91 98196 98985
E-mail: ankur.sachdeva@careratings.com

Mr. Saikat Roy
Cell: + 91 98209 98779
E-mail: saikat.roy@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.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Udaipur Cement Works Limited
October 11, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating[9]	Rating Action
Long term Bank Facilities	100.00	**CARE AA- (CE); Stable** (Double A Minus [Credit Enhancement]; Outlook: Stable)**	**Final Rating***
Total Facilities	**100.00 (Rs. Hundred crore only)**		

Details of instruments/facilities in Annexure-1
Final rating has been assigned on account of receipt of the executed copy of corporate guarantee from JK Lakshmi Cement Limited
***Backed by unconditional and irrevocable corporate guarantee from JK Lakshmi Cement Limited (JKLC rated 'CARE AA-; Stable/CARE A1+).*

Unsupported Rating [10]	**CARE BBB-; Stable / CARE A3(Triple B Minus; Outlook: Stable/ CARE A Three)**

Detailed Rationale & Key Rating Drivers
The rating assigned to the bank facilities of Udaipur Cement Works Limited (UCWL) is based on the credit enhancement in the form of unconditional and irrevocable corporate guarantee provided by JK Lakshmi Cement Limited (JKLC, rated 'CARE 'CARE AA-; Stable/CARE A1+').
Detailed description of the key rating drivers of corporate guarantee provider (JKLC, rated 'CARE AA-; Stable/CARE A1+') is available on our website www.careratings.com.
The unsupported standalone ratings assigned to the bank facilities of Udaipur Cement Works Ltd factors in strong promoter group i.e. JK Lakshmi Cement Limited, improvement in financial performance of the company in Q1FY20, adequate liquidity position and no major capex plans for future. The ratings are however constrained by relatively moderate solvency profile, volatile input costs and cyclicality associated with cement industry.

Liquidity Analysis of corporate guarantee provider, JKLC: Adequate
The liquidity position of the company continues to be comfortable with free cash balance (including liquid investments) of around Rs.380 crore as on June 30, 2019. Average utilization of fund-based working capital limits (including Commercial Paper) was comfortable at 67.90% for 12 months ended June 2019. The company has principal repayments of about Rs.296 crore in FY20 on consolidated basis.

Liquidity Analysis of UCWL: Adequate
The liquidity position of the company is adequate with cash and cash equivalents of about Rs. 11 crore on June 30, 2019 (Rs. 0.19 crore as on March 31, 2019). Average utilization of fund-based working capital limits was comfortable at 26.11% for 12 months ended June 2019. The company has refinanced a part of its debt (Rs. 295 crore) out of the total debt of Rs. 525 crore. As a result, the principal repayments due for FY20 post refinancing are Rs. 2.03 crore.

Analytical Approach: The analysis factors in credit enhancement in the form of unconditional and irrevocable corporate guarantee provided by JKLC.

Applicable Criteria
Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
Rating Methodology – Manufacturing Companies
Rating Methodology - Cement Industry

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[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*
[10] *As stipulated vide SEBI circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019*

[Criteria for Short Term Instruments]
[Rating Methodology: Factoring Linkages in Ratings]

About the Company

UCWL (CIN: L26943RJ1993PLC007267), is a subsidiary of JKLC. During FY14, UCWL become a subsidiary (associate company in the previous year) of JKLC with increase in the equity shareholding, as per the terms of the BIFR sanctioned rehabilitation scheme of UCWL. As a part of the rehabilitation scheme of UCWL, the entire Revival & Rehabilitation and expansion project (1.60 MTPA) is at a cost Rs.815 crore. The project is funded through debt of Rs.525 crore, promoter contribution of Rs.215 crore and balance through internal accruals. The project cost had been revised from Rs.700 crore earlier on account of additional civil structure, pollution equipment, power supply equipment, water pipeline, safety equipment, installation of new motors and higher interest cost due to shift in COD and additional Rs.50 crore debt.

UCWL came out of the purview of BIFR in January 2016. UCWL has set up 1.60 MTPA cement capacity in Udaipur, which commenced commercial operations from March 2017 (grinding unit of 0.65 MTPA was commissioned earlier).

Hansdeep Industries & Trading Company Limited (HITCL, rated 'CARE AA- (CE); Stable'), a wholly-owned subsidiary of JKLC, has raised Rs.525 crore through NCD issue, backed by unconditional and irrevocable guarantee from JKLC, which has been used for onward lending to UCWL.

Brief Financials – UCWL (Standalone) (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	387.41	579.70
PBILDT	21.56	40.34
PAT	-43.35	-40.73
Overall gearing (times)	5.76	5.17
Interest coverage (times)	0.32	0.59

A: Audited

Brief Financials - JKLC (Consolidated) (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	3,756.22	4,319.21
PBILDT	434.18	456.51
PAT	43.36	40.62
Overall gearing (times)	1.86	1.53
Interest coverage (times)	1.65	1.79

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

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	-	-	Sep-2029	100.00	CARE AA- (CE); Stable
Un Supported Rating-Un Supported Rating (LT/ST)	-	-	-	0.00	CARE BBB-; Stable / 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 2019-2020	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.	Fund-based - LT-Cash Credit	LT	30.00	CARE AA- (CE); Stable	1)CARE AA- (CE); Stable (12-Sep-19)	1)CARE AA- (SO); Stable (08-Oct-18)	1)CARE AA (SO); Stable (21-Dec-17)	-
2.	Non-fund-based - LT/ ST-BG/LC	LT/ST	20.00	CARE AA- (CE); Stable / CARE A1+ (CE)	1)CARE AA- (CE); Stable / CARE A1+ (CE) (12-Sep-19)	1)CARE AA- (SO); Stable / CARE A1+ (SO) (08-Oct-18)	1)CARE AA (SO); Stable / CARE A1+ (SO) (21-Dec-17)	-
3.	Fund-based - LT-Term Loan	LT	220.00	CARE AA- (CE); Stable	1)CARE AA- (CE); Stable (12-Sep-19)	1)CARE AA- (SO); Stable (08-Oct-18)	-	-
4.	Fund-based - LT-Term Loan	LT	100.00	CARE AA- (CE); Stable	1)Provisional CARE AA- (CE); Stable (12-Sep-19)	-	-	-

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classificatio is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Name: Ms Jasmeen Kaur
Tel: 011- 45333245
Mobile: +91-9810401324
Email: jasmeen.kaur@careratings.com

Business Development Contact
Name: Ms Swati Agrawal
Contact no. : 011-45333200
Email ID: swati.agrawal@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.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

Shree Ganesh Cold Storage
October 11, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Long term Bank Facilities	6.00	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	Issuer not cooperating; Based on best available information
Total	**6.00 (Rupees Six crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Shree Ganesh Cold Storage (SGCS) to monitor the ratings vide e-mail communications/letters dated June 05, 2019, September 09, 2019, September 18, 2019, October 01, 2019, October 02, 2019 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. 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. The ratings on SGCS's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***

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

Detailed description of the key rating drivers

At the time of last rating on July 12, 2018 following were the rating strengths and weaknesses.

Key Rating Weaknesses

Ongoing delay in debt servicing

There are on-going delays in debt servicing. There was irregularity in interest payment for overdraft facility.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)
[CARE's Policy on Default Recognition](#)

About the Firm

Established in 1999 as a partnership firm, SGCS is engaged into providing cold storage facility to farmers for storing potatoes on a rental basis. The firm has controlled atmosphere cold storage facility located at Deesa; Gujarat having a capacity to store 8,250 Metric Tonne (MT)/ 1,65,000 bags of potatoes as on March 31, 2018. The firm is managed by Mr. Popatlal Chamanaji Kachhawa, Mr. Kalidas Chamanaji Kachhawa and Mr. Lalabhai Chamanaji Kachhawa. Besides providing cold storage facility, the firm also provides interest bearing advances to farmers for potato farming purposes against the stock of potato stored.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (Prov.)
Total operating income	0.99	0.96
PBILDT	0.08	0.05
PAT	0.02	0.00
Overall gearing (times)	2.59	2.20
Interest coverage (times)	21.61	13.09

Status of non-cooperation with previous CRA: Not Applicable

[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*

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

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	-	-	-	6.00	CARE D; 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 2019-2020	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.	Fund-based - LT-Bank Overdraft	LT	6.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (12-Jul-18)	1)CARE B; Stable (10-Jul-17)	1)CARE B (06-Jul-16)

**Issuer did not cooperate; based on best available information*

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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Name - Mr. Kalpesh Patel
Contact no.- (079) 40265611
Email ID- kalpesh.patel@careratings.com

Relationship Contact
Name: Mr. Vimlendu Mishra
Contact no. : (079) 40265640
Email ID: vimlendu.mishra@careratings.com

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

The Lakshmi Vilas Bank Limited
October 11, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating[1][2]	Rating Action
Lower Tier II Bonds @	50.50	**CARE BB+; Negative (Double B Plus; Outlook: Negative)**	**Removed from credit watch with developing implications; Rating revised from CARE BBB- (Triple B Minus)**
Tier II Bonds (Basel III Compliant) –I @	78.10	**CARE BB+; Negative (Double B Plus; Outlook: Negative)**	**Removed from credit watch with developing implications; Rating revised from CARE BBB- (Triple B Minus)**
Tier II Bonds (Basel III Compliant) –II @	140.10	**CARE BB+; Negative (Double B Plus; Outlook: Negative)**	**Removed from credit watch with developing implications; Rating revised from CARE BBB- (Triple B Minus))**
Tier II Bonds (Basel III Compliant) –III @	100.00	**CARE BB+; Negative (Double B Plus; Outlook: Negative)**	**Removed from credit watch with developing implications; Rating revised from CARE BBB- (Triple B Minus)**
Proposed Basel III Compliant Additional Tier I Perpetual Bond issue #	250.00	**CARE B+; Negative (Single B Plus; Outlook: Negative)**	**Removed from credit watch with developing implications; Rating revised from CARE BB- (Double B Minus)**
Total	**618.70 (Rupees Six Hundred Eighteen crore and Seventy lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

@ Tier II Bonds under Basel III are characterized by a 'Point of Non-Viability' (PONV) trigger due to which the investor may suffer a loss of principal. PONV will be determined by the Reserve Bank of India (RBI) and is a point at which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. In addition, the difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier I capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable.

In CARE's opinion, the parameters considered to assess whether a bank will reach the PONV are similar to the parameters considered to assess rating of Tier II instruments even under Basel II. CARE has rated the Tier II bonds under Basel III after factoring in the additional feature of PONV.

CARE has rated the aforesaid Basel III Compliant Tier-I Perpetual Bonds [Additional Tier I Bonds (Basel III)] after taking into consideration its key features as mentioned below:

• The bank has full discretion at all times to cancel coupon payments.

• The coupon is to be paid out of current year profits. However, if the current year's profits are not sufficient, i.e., payment of such coupon is likely to result in losses during the current year, the balance of coupon payment may be made out of reserves representing appropriation of net profits, including statutory reserves and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation provided the bank meets the minimum regulatory requirements for Common Equity Tier I [CET I], Tier I and Total Capital Ratios and capital buffer frameworks as prescribed by the Reserve Bank of India [RBI].

• The instrument may be written-down upon CET I breaching the pre-specified trigger of 5.5% before March 31, 2020, and 6.125% on and after March 31, 2020, or written-off / converted into common equity shares on occurrence of the

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

trigger event called point of non-viability (PONV). The PONV trigger shall be determined by RBI. Any delay in payment of interest/principal (as the case may be) due to invocation of any of the features mentioned above would constitute as an event of default as per CARE's definition of default and as such these instruments may exhibit a some-what sharper migration of the rating compared with other subordinated debt instruments.

Detailed Rationale & Key Rating Drivers

The revision in ratings assigned to the various debt instruments of The Lakshmi Vilas Bank Ltd factors (LVB) in the increased level of uncertainity associated with timely mobilization of fresh equity capital in view of recent developments including placing of the bank under Prompt Corrective Action (PCA) by RBI. The rating also takes note of non-approval of the proposed scheme of amalgamation with Indiabulls housing finance Limited and Indiabulls commercial credit limited with LVB.

The rating is constrained by weak asset quality, weak capitalization levels, weak financial performance as reflected in losses in FY19 & Q1FY20, moderate size of the bank and its regional nature of operations.

The ratings continue to derive strength from the long-standing operational track record of Lakshmi Vilas Bank Ltd (LVB) and its established presence in Southern India.

The ratings has been removed from rating watch with non-approval of scheme of amalgamation of lndiabulls Housing Finance Limited (IBHFL) and lndiabulls Commercial Credit Limited (ICCL) with The Lakshmi Vilas Bank.

LVB's ability to raise capital in timely manner, scale up the recoveries and improve its asset quality, profitability would be the key rating sensitivities. In view of current capital adequacy levels, timely mobilisation of capital to augment its CAR is critical in the near term.

Outlook: Negative

The negative outlook on rating reflects the expectation of the incremental provisions further impacting the profitability and capital adequacy levels of the bank. Timely mobilisation of significant amount of equity is critical to meet RBI guidelines on capital adequacy. The outlook may be revised to stable in the event of improvement in these parameters.

Detailed description of the key rating drivers

Key Rating Strengths

Long Standing Operational track report

Established in 1926, LVB is one of the old private sector banks based out of Tamilnadu with a track record of more than 90 years. LVB now has a wide spread shareholder base with promoters' holding of 7.11% as on June 30, 2019. As on March 31, 2019 the bank had a network of 569 branches and 1046 ATMs.

Improvement in CASA proportion; however continues to be relatively low

The proportion of low-cost current account and savings account (CASA) is relatively low compared to its peers but has been improving over the past few years. CASA improved from 21.06% as on March 31, 2018 to 25.67% as on March 31, 2019 and further improved to 27.12% as on June 30, 2019. Though there was decrease in overall deposits, CASA deposits have seen improvement on absolute terms also. On absolute terms CASA deposits improved by 5% from Rs.7,015 crore as on March 31, 2018 to Rs.7,515 crore as on March 31, 2019 and further to Rs.7,858 crore as on June 30, 2019.

Liquidity Profile: Adequate

As on June 30, 2019 LVB had no cumulative mismatches up to 5 years' time bucket. The liquidity coverage ratio remained at 247.14% as on June 30, 2019 (165.79%) as against the regulatory requirement of 100%. Rollover rate of deposits stood at 63% in FY19 which will provide additional comfort.

Key Rating Weaknesses

Decline in business due to capital constraint

With the bank reporting capital adequacy below the regularity levels, the bank has been reducing the advances/Risk weighted advances consciously in view of the constrained capital adequacy level. During FY19, Advances declined by 22% from Rs. 25,768 crore as on March 31, 2018 to Rs. 20,103 crore as on March 31, 2019. As the advances declined, the bank has reduced its bulk deposits and was not growing its deposits which resulted in decline in overall deposits also. Deposits declined by 11% from Rs. 33,309 crore as on March 31, 2018 to Rs. 29,279 crore as on March 31, 2019. During Q1FY20, Advances declined to Rs. 18,539 crore as on June 30, 2019 whereas total Deposits declined to Rs. 28,890 crore as on June 30, 2019.

Weak Asset Quality

The asset quality witnessed deterioration in FY19 and Q1FY20. GNPA and NNPA increased from 9.98% and 5.66% as on March 31, 2018 to 15.30% and 7.49% as on March 31, 2018. On absolute terms GNPA increased from Rs. 2,694 crore as on March 31, 2018 to Rs. 3,359 crore as on March 31, 2019. Net Slippages during FY19 stood at Rs.665 crore as against Rs.2053 crore in FY18.

Standard restructured assets declined from Rs.76 crore as on March 31, 2018 to Rs.40 crore as on March 31, 2019. LVB had outstanding security receipts of Rs.330 crore on March 31, 2019 (Rs.339 crore as on March 31, 2018). Stressed Assets (Standard restructured asset + Security receipts outstanding + GNPA) stood at Rs. 3,729 crore as on March 31, 2019 as against Rs. 3,109 crore as on March 31, 2018. Provisions coverage ratio stood at 62.08% as on March 31, 2019 (PY: 55.07%).

The trend in deterioration of asset quality continued in Q1FY20. GNPA and NNPA as on June 30, 2019 stood at 17.30% and 8.30%. Provision coverage ratio as on June 30, 2019 stood at 63.08%.

Losses reported in FY19 and Q1FY20

With the reduction in advances and increase in NPAs, Interest income has seen decline during the FY19 and Q1FY20. Interest income on advances declined by 7% from Rs. 2,331 crore in FY18 to Rs. 2,163 crore in FY19. Yield on advances stood at 9.43% in FY19 as against 9.42% in FY18. Cost of deposits increased from 6.23% in FY18 to 6.72% in FY19. Credit to deposit ratio (C/D) declined from 77.36% in FY18 to 68.66 in FY19. As a result of the increase in cost of borrowings, lower C/D ratio, NIM declined from 2.11% in FY18 to 1.56% in FY19.

Non-interest income has declined from Rs.347 crore in FY18 to Rs.250 crore in FY19. Though the overall business declined, Opex increased from Rs.782 in FY18 to Rs.822 crore in FY19. As a result, LVB reported operating loss of Rs.12 crore in FY19 as against an operating profit of Rs.355 crore in FY18. Provisions towards NPA stood at Rs.879 crore during FY19 as against Rs. 1,300 crore in FY18. With decrease in Net Interest income, non-interest income, increase in Opex and higher provision towards NPAs, the bank reported loss of Rs.894 crore in FY19 as against a loss of Rs.585 crore in FY18

Interest income decreased from Rs.727 crore in Q1FY19 to Rs.624 crore in Q1FY20. Non-Interest Income stood at Rs.53 crore in Q1FY20 as against Rs.60 crore in Q1FY19. LVB reported of operating loss of Rs.26 crore in Q1FY20. The bank made provisions on depreciation of investments (MTM) of Rs.7 crore and Rs.156 Crore towards NPAs during Q1FY20 resulting in the bank reporting loss of Rs.237 crore during the period.

Weak capitalization levels - Capital adequacy below regulatory requirement

CAR and Tier I CAR stood at 6.46% and 4.46% as June 30, 2019 (7.72% and 5.72% as March 31, 2019) against regulatory requirement of 10.875% and 9%. Notwithstanding mobilization of fresh equity in Q4FY19 (refer to period from January 01 to March 31) and July 2019, capital adequacy levels continues to be weak. In order to improve its capital adequacy levels, the bank has mobilized fresh equity of Rs.468 crore in Q4FY19 via QIP and Rs.188 crore in the month of July 2019 by way of preferential issue of equity shares. However, on account of continuation of losses in Q1FY20 due to pre-provision loss and higher provisions, the bank reported total CAR of 6.46%. Including equity mobilized in July 2019, CAR stood at 7.56% which is below regulatory requirement of 10.875%. As per RBI guidelines, minimum CAR to be maintained as on March 31, 2020 is 11.5% (including counter cyclical buffer). In view of the same, to meet regulatory requirements, the bank is required to mobilise around Rs.677 crore based on risk weighted assets as on June 30, 2019. On account of higher NPA levels and degrowth in advances in Q1FY20, actual capital requirement is likely to be higher due to losses expected during next few quarters. In view of the same, ability of the bank to mobilise capital in timely manner is critical to meet capital adequacy requirement and grow its loan book.

Initiation of PCA by RBI

RBI has initiated Prompt Corrective Action for Lakshmi Vilas Bank Limited on account of high net NPA, insufficient CAR and CET 1, negative ROTA for two consecutive years and high leverage.

Analytical approach:
Standalone

Applicable Criteria
Criteria on assigning Outlook and Credit Watch to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Financial sector
Bank - CARE's Rating Methodology For Banks
Bank - Rating framework for Basel III instruments (Tier I & Tier II)

About the Company
Established in 1926, LVB is one of the old private sector banks based out of Tamil Nadu. The business operations of LVB are geographically concentrated in South India particularly in Tamil Nadu. As on March 31, 2019, the bank had a network of 569 branches and 1046 ATMs. As on March 31, 2019 net advances stood at Rs. 20,103 crore and deposits stood at Rs. 29,279 crore.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total income	3,388	3,090
PAT	-585	-894
Total Assets	39,797	32,005
Net NPA (%)	5.66	7.49
ROTA (%)	NM	NM

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Bonds-Lower Tier II	INE694C08047	February 10, 2012	11.40	February 10, 2022	50.50	CARE BB+; Negative
Bonds-Tier II Bonds	NE694C08054	March 24, 2014	11.80	March 24, 2024	78.10	CARE BB+; Negative
Bonds-Tier II Bonds	INE694C08062	September 30, 2015	11.50	September 30, 2025	140.10	CARE BB+; Negative
Bonds-Tier II Bonds	INE694C08070	June 09, 2017	10.70	June 09, 2024	100.00	CARE BB+; Negative
Bonds-Tier I Bonds(Proposed)	-	-	-	-	250.00	CARE B+; Negative

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 2019-2020	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.	Bonds-Lower Tier II	LT	-	-	-	-	-	1)Withdrawn (30-Aug-16)
2.	Bonds-Lower Tier II	LT	50.50	CARE BB+; Negative	1)CARE BBB- (Under Credit watch with Developing Implications) (10-Sep-19) 2)CARE BBB (Under Credit watch with Developing Implications) (12-Apr-19)	1)CARE BBB (Under Credit watch with Negative Implications) (02-Nov-18) 2)CARE BBB; Negative (04-Oct-18) 3)CARE BBB+; Negative (04-Jun-18)	1)CARE A-; Stable (07-Jul-17)	1)CARE A- (30-Aug-16)
3.	Bonds-Tier II Bonds	LT	78.10	CARE BB+; Negative	1)CARE BBB- (Under Credit watch with Developing Implications) (10-Sep-19) 2)CARE BBB (Under Credit watch with Developing Implications) (12-Apr-19)	1)CARE BBB (Under Credit watch with Negative Implications) (02-Nov-18) 2)CARE BBB; Negative (04-Oct-18) 3)CARE BBB+; Negative (04-Jun-18)	1)CARE A-; Stable (07-Jul-17)	1)CARE A- (30-Aug-16)
4.	Bonds-Tier II Bonds	LT	140.10	CARE BB+; Negative	1)CARE BBB- (Under Credit watch with Developing Implications) (10-Sep-19) 2)CARE BBB (Under Credit watch with Developing Implications) (12-Apr-19)	1)CARE BBB (Under Credit watch with Negative Implications) (02-Nov-18) 2)CARE BBB; Negative (04-Oct-18) 3)CARE BBB+; Negative (04-Jun-18)	1)CARE A-; Stable (07-Jul-17)	1)CARE A- (30-Aug-16)
5.	Bonds-Tier II Bonds	LT	100.00	CARE BB+; Negative	1)CARE BBB- (Under Credit watch with	1)CARE BBB (Under Credit watch with	1)CARE A-; Stable (07-Jul-17)	-

					Developing Implications) (10-Sep-19) 2)CARE BBB (Under Credit watch with Developing Implications) (12-Apr-19)	Negative Implications) (02-Nov-18) 2)CARE BBB; Negative (04-Oct-18) 3)CARE BBB+; Negative (04-Jun-18)	2)CARE A-; Stable (09-Jun-17)	
6.	Bonds-Tier I Bonds	LT	250.00	CARE B+; Negative	1)CARE BB- (Under Credit watch with Developing Implications) (10-Sep-19) 2)CARE BB (Under Credit watch with Developing Implications) (12-Apr-19)	-	-	-

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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Name: Mr P Sudhakar
Tel: 044-2850 1000
Email: p.sudhakar@careratings.com

Relationship Contact
Name: Mr. V Pradeep Kumar
Contact no. :044-28497812
Email ID :pradeep.kumar@careratings.com

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Aaditya Finechem Private Limited
October 11, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings[13]	Rating Action
Long-term Bank Facilities	6.00	**CARE BBB-; Stable (Triple B Minus; Outlook: Stable)**	**Reaffirmed**
Short-term Bank Facilities	5.00	**CARE A3 (A Three)**	**Reaffirmed**
Total facilities	**11.00 (Rs. Eleven crore only)**		

Details of instruments/facilities in Annexure-I

Detailed Rationale & Key Rating Drivers
The ratings assigned to the bank facilities of Aaditya Finechem Private Limited (AFPL) and their group entities continues to derive strength from experienced and qualified management with established customer and supplier base. The ratings, further, derive strength from growth in scale of operations in FY19 (FY refers to the period from April 01 to March 31) along-with moderate overall gearing, debt coverage indicators and liquidity position.
The ratings are, however, primarily constrained on account of its consistent profitability margins though moderate as group's major revenue coming from trading business, risk associated with price volatility with the goods under trading and foreign currency exchange rate fluctuations and presence in highly regulated and competitive chemical industry.
The ability of the company to continue increase its scale of operations with improvement in profitability margins and solvency position would be the key rating sensitivities.

Detailed description of the key rating drivers
Key rating Strengths
Experienced management in the chemical industry: Aaditya group i.e. (Satyam Enterprises & AFPL) is managed by its promoter directors namely Mr. Deepak Jhunjhunwala, Bachelor in Engineering by qualification, who has more than two decades of experience in the industry. Mr. Bhuwnesh Sharma, graduate by qualification, has 30 years of experience in the industry and Mrs. Vandana Jhunjhunwala has 15 years of experience. Further, the promoters are supported by second tier management in smooth functioning of the company. The group entities have operational and financial linkage amongst themselves which is evident from the cross selling of products to each other.

Established customer and supplier base and diversified network base: Promoter's vast experience in the chemical industry led to continuous increase in customer base along with geographical diversification. AFPL has total 6 branches across India i.e. Delhi, Ludhiana, Panipat, Bhiwandi, and Ahmedabad with head office located at Jaipur to cater the demand of chemicals in different geographies as well as exports. Further, LABSA manufactured by SES is also sold through AFPL branches. Owing to the presence in the business for more than decade, AFPL has developed a healthy relationship with customers which help the company in securing repeat orders. Further, group is procuring specialty chemicals from reputed suppliers.

Growth in scale of operations in FY19: The group's combined TOI has increased by around 26% from Rs.132.30 crore in FY18 to Rs.166.54 crore in FY19; the increase is mainly due to addition of income from operations at SES and improvement in sales volume Sodium per Carbonate Coated (SPCC) and Sodium Tripoly Phosphate (STPP) in AFPL. Further in 5MFY20, Combined TOI of group stood at 78.02 crore.

Moderate overall gearing and debt coverage indicators: The overall gearing of the group on combined basis stood moderate with an overall gearing of 1.56 times as on March 31, 2019 mainly on account of increase in working capital borrowings in SES. Further, debt service coverage indicators also stood moderate with total debt to GCA at 7.23 times in as on March 31, 2019, deteriorated from 5.23 times as on March 31, 2018 on account of increase in working capital borrowing in SES.

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

Key Rating Weaknesses

Consistent operating margin: The profitability margins of group on combined basis largely remained moderate owing to the trading nature of business and range-bound during last three years. The PBILDT margin of group has marginally improved to 2.58% during FY19 as compared to 2.52% during FY18 mainly on account of higher margins in traded chemicals. However, on combined basis, PAT margin has marginally deteriorated to 1.10% during FY19 from 1.13% during FY18 on account of higher interest and finance charges. ROCE of the group have been more than 20% from last three financial years. During FY19, ROCE of the group stood has been moderated though remained at 22.70% as against 24.35% in FY18.

Presence in a highly regulated and competitive chemical industry: The chemical industry continue to be faced with not only regulatory oversight from Indian Chemical Council (ICC), but the need to operate within a changing landscape where consumers demand clearer product information and labeling, better product marking and safer packaging. Household chemicals are highly regulated, sophisticated products supplied into a very competitive and increasingly skeptical market.

Exposure to price volatility associated with the goods for raw-material as well as for trading goods and foreign currency exchange rate fluctuations: Group is exposed to the risks associated with volatility in the traded goods prices in AFPL as well as for volatility in raw-material prices in SES. The prices of major goods traded remain volatile. Further in SES, LAB is a key input in production of LABSA; Suppliers reset the price of LAB on 1^{st} of every month, which are linked to international crude oil prices as LAB is a crude oil derivate, prices of which have exhibited high volatility in the past. Furthermore, AFPL imports some of the chemicals led to expose to currency exchange rate fluctuations. However, AFPL majorly imports specialty chemicals which are in niche segment so increase in price due to depreciation of rupee is passed on to the customers to some extent.

Adequate liquidity position: The operating cycle of the company stood at 25 days in FY19 to fund its day to day working capital requirements, the reliance of the company on working capital bank borrowings remained high as indicated by average working capital utilization of 87% for the last 12 month ended on August, 2019.On combined basis group's current ratio stood moderate at 1.18 times as on March 31, 2019. Furthermore, group has unencumbered cash and cash equivalent of of around Rs.0.35 crore as on March 31, 2019 and expected GCA of Rs.2.37 crore in FY20 against a repayment of Rs.0.16 crore in FY20.

Analytical approach: Combined

AFPL has purchased 99% stake in SES in Jan, 2018 and FY19 was first year of operations. For analysis purpose standalone approach is changed to combined approach. We have considered combined view of the group entities (AFPL, SES) as both have common promoters i.e. members of Jhunjhunwala family and have operational and financial linkages as both involved in cross selling of products to each other.

Applicable Criteria:

Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Wholesale Trading
Rating Methodology-Manufacturing Companies
Financial ratios – Non-Financial Sector
Factoring linkages in ratings

About the Company

Aaditya Finechem Private Limited (AFPL) was incorporated in November, 2013 by Mr. Deepak Jhunjhunwala along with other members. The company is engaged in the business of trading of various chemicals such as home-care chemicals and distillery chemicals. The products of the company have an application in detergent powder, soap and wine industry etc. The company is also fully equipped with machinery for testing of products regarding its quality and other specifications. The company has established various branches around India in Delhi, Kolkata, Ludhiana, Panipat, Bhiwandi and Ahmedabad with head office at Jaipur to cater the demand of chemicals in India. AFPL is part of Aaditya group which had started chemical trading business in 2013. The group mainly consists of two entities including AFPL, Satyam Enterprises (SES) which is engaged in the manufacturing of LABSA and sale the product under the brand 'SATYAM LABSA'. SES is moreover a backward integration of the operations for AFPL; which sells LABSA manufactured by SES to established clientele and through its existing branches.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (Prov.)
Total operating income	132.31	166.54
PBILDT	3.21	4.29
PAT	1.49	1.83
Overall gearing (times)	1.08	1.56
Interest coverage (times)	3.40	2.89

A: Audited; Prov.: Provisional

Status of non-cooperation with previous CRA: India rating has conducted the review on the basis of best available information and maintained rating under "Not cooperating" category vide its press release dated May 03, 2018.

Any other information: None

Rating History for last three years: Please refer Annexure-2

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 BBB-; Stable
Non-fund-based - ST-Letter of credit	-	-	-	5.00	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 2019-2020	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.	Fund-based - LT-Cash Credit	LT	6.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (29-Oct-18)	1)CARE BBB-; Stable (08-Sep-17)	-
2.	Non-fund-based - ST-Letter of credit	ST	5.00	CARE A3	-	1)CARE A3 (29-Oct-18)	1)CARE A3 (08-Sep-17)	-

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Contact us

Media Contact
Name: Mradul Mishra
Contact No: +91-22-6837 4424
Email ID - mradul.mishra@careratings.com

Analyst Contact:
Name: Anurag Jain
Contact No: 0141-4020213/214
Email: anurag.jain@careratings.com

Relationship Contact
Name: Nikhil Soni
Contact No: 0141-4020213/214
Email ID: nikhil.soni@careratings.com

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