

Rating Advisory September 28, 2017 | Mumbai

Bharat Rasayan Limited

Advisory as on September 28, 2017

This rating advisory is provided in relation to the rating of Bharat Rasayan Limited

The key rating sensitivity factors for the rating include:

- Revenue and profitability
- Capital expenditure (capex) plans and their funding
- Working capital management
- Dividend payout

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Bharat Rasayan Limited (BRL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If BRL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About The Company

BRL, set up in 1989, manufactures technical-grade pesticides, such as fenevalrate and cypermethrin, and also intermediates such as meta-phenoxy-benzaldehyde. The company has two manufacturing plant located at Mokhra village (Rohtak, Haryana) and Dahej (Bharuch, Gujarat).

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Rating Rationale

July 25, 2016 | Mumbai

Bharat Rasayan Limited

Total Bank Loan Facilities Rated	Rs.2173.1 Million
Long Term Rating	CRISIL A-/Stable (Reaffirmed)
Long Term Rating	Withdrawal
Short Term Rating	Withdrawal

(Refer to Annexure 1 for Facility-wise details)

CRISIL has withdrawn its ratings on cash credit bank facilities of Rs.300 million, proposed long-term bank loan facility of Rs.761.1 million, and non-fund-based (letter of credit and bank guarantee) facility of Rs.362 million of Bharat Rasayan Limited (BRL) on completion of notice period of 60 days. The rating action is in line with CRISIL's policy on withdrawal of its ratings on bank loans.

CRISIL has reaffirmed its ratings on long-term bank facilities (corporate loan, term loan, and external commercial borrowings of Rs.750 million) of BRL at '**CRISIL A-/Stable**'.

CRISIL has relied on publicly available information for rating BRL's bank facilities as the company has not cooperated with CRISIL in its surveillance process.

CRISIL believes that BRL's rating is constrained by the dependency of demand of pesticides to timely advent of monsoon rains in India. Based on the publically available information, CRISIL is unaware of any large debt-funded capital expenditure plan in BRL which may affect its financial risk profile.

For arriving at the rating, CRISIL is now constrained to evaluate BRL on standalone basis as the client is non-cooperative in sharing information. Earlier, CRISIL has been consolidating BRL with its two group companies, BIL and BAL. CRISIL is yet to receive any information from Bharat Group to enable it to undertake a rating review on consolidated basis as done earlier for its group companies BIL and BAL. Thus, the rating is arrived at considering the business, management and financial risk profile of BRL on standalone basis as per the publicly available information.

Outlook: Stable

CRISIL believes that the BRL will continue to benefit over the medium term from its integrated nature of its operations, and its diversified product profile. The outlook may be revised to 'Positive' if BRL significantly increases its market share and sales growth, while it efficiently manages its working capital requirements. The outlook may be revised to 'Negative' in case of further lengthening of the BRL's working capital cycle, or if the BRL records steep decline in its operating profitability or revenues, resulting in weakening of its liquidity, or in case of any alteration in its financial policy towards higher reliance on debt.

About the Company

BRL, set up in 1989, manufactures technical-grade pesticides, such as fenevalrate and cypermethrin, and also intermediates such as meta-phenoxy-benzaldehyde. The company has two manufacturing plant located at Mokhra village (Rohtak, Haryana) and Dahej (Bharuch, Gujarat).

Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Cash Credit	300	Withdrawal	Cash Credit	300	CRISIL A- /Stable(Notice of Withdrawal)
Corporate Loan	150	CRISIL A- /Stable	Corporate Loan	150	CRISIL A- /Stable
External Commercial Borrowings	275	CRISIL A- /Stable	External Commercial Borrowings	275	CRISIL A- /Stable
Letter of credit & Bank Guarantee	362	Withdrawal	Letter of credit & Bank Guarantee	362	CRISIL A2+(Notice of Withdrawal)
Proposed Long Term Bank Loan Facility	761.1	Withdrawal	Proposed Long Term Bank Loan Facility	761.1	CRISIL A- /Stable(Notice of Withdrawal)
Term Loan	325	CRISIL A- /Stable	Term Loan	325	CRISIL A- /Stable
Total	2173.1	--	Total	2173.1	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating Criteria for Manufacturing Companies](#)

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