

Rating Update

August 30, 2017 | Mumbai

Bharat Rasayan Limited

Update as on August 30, 2017

This update is provided in continuation of the rating rationale below.

The key rating sensitivity factors for the rating include:

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

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, CRISIL seeks regular updates from companies on the business and financial performance. CRISIL is however, awaiting adequate information from Bharat Rasayan Limited (BRL) which will enable us to carry out the rating review. CRISIL will continue provide updates on relevant developments from time to time on this credit.

CRISIL also identifies information availability risk as a key credit factor in the rating assessment as outlined in its criteria 'Information Availability Risk in Credit Ratings'.

About the Company

BRL, set up in 1989, manufactures technical-grade pesticides, such as fenvalerate 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).

DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale that we provide (each a "Report"). For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Rating are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL assumes no obligation to update its opinions following publication in any form or format although CRISIL may disseminate its opinions and analysis. CRISIL rating contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way.

Neither CRISIL nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, www.crisil.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee – more details about CRISIL ratings are available here: www.crisilratings.com.

CRISIL and its affiliates do not act as a fiduciary. While CRISIL has obtained information from sources it believes to be reliable, CRISIL does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of CRISIL may have information that is not available to other CRISIL business units. CRISIL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <http://www.crisil.com/ratings/highlightedpolicy.html>

CRISIL's rating criteria are generally available without charge to the public on the CRISIL public web site, www.crisil.com. For latest rating information on any instrument of any company rated by CRISIL you may contact CRISIL RATING DESK at CRISILratingdesk@crisil.com, or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL.

All rights reserved @ CRISIL

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](#)

[Rating Criteria for Chemical Industry](#)

[CRISILs Criteria for Consolidation](#)

[Criteria for rating Short-Term Debt \(including Commercial Paper\)](#)

For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Tanuja Abhinandan Media Relations CRISIL Limited D: +91 22 3342 1818 M: +91 98 192 48980 B: +91 22 3342 3000 tanuja.abhinandan@crisil.com</p> <p>Jyoti Parmar Media Relations CRISIL Limited D: +91 22 3342 1835 B: +91 22 3342 3000 jyoti.parmar@crisil.com</p>	<p>Aditya Sarda Director - CRISIL Ratings CRISIL Limited B:+91 124 672 2000 aditya.sarda@crisil.com</p> <p>Siddharth Maheshwari Associate Director - CRISIL Ratings CRISIL Limited D:+91 124 672 2189 siddharth.maheshwari@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestordesk@crisil.com</p>

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services.

We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations. With sustainable competitive advantage arising from our strong brand, unmatched credibility, market leadership across businesses, and large customer base, we deliver analysis, opinions, and solutions that make markets function better. Our defining trait is our ability to convert data and information into expert judgements and forecasts across a wide range of domains, with deep expertise and complete objectivity. At the core of our credibility, built up assiduously over the years, are our values: Integrity, Independence, Analytical Rigour, Commitment and Innovation.

CRISIL is majority owned by S&P Global Inc.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

About CRISIL Ratings

CRISIL Ratings is part of CRISIL Limited ("CRISIL"). We pioneered the concept of credit rating in India in 1987. CRISIL is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI"). With a tradition of independence, analytical rigour and innovation, CRISIL sets the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 20,800 large and mid-scale corporates and financial institutions. CRISIL has also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We also pioneered a globally unique rating service for Micro, Small and Medium Enterprises (MSMEs) and significantly extended the accessibility to rating services to a wider market. Over 91,000 MSMEs have been rated by us.

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfil your request and service your account and to provide you with additional information from CRISIL and other parts of S&P Global Inc. and its subsidiaries (collectively, the "Company") you may find of interest.

For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view the Company's Customer Privacy at <https://www.spglobal.com/privacy>

Last updated: April 2016

DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale that we provide (each a "Report"). For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Rating are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL assumes no obligation to update its opinions following publication in any form or format although CRISIL may disseminate its opinions and analysis. CRISIL rating contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way.

Neither CRISIL nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, www.crisil.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee – more details about CRISIL ratings are available here: www.crisilratings.com.

CRISIL and its affiliates do not act as a fiduciary. While CRISIL has obtained information from sources it believes to be reliable, CRISIL does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of CRISIL may have information that is not available to other CRISIL business units. CRISIL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <http://www.crisil.com/ratings/highlightedpolicy.html>

CRISIL's rating criteria are generally available without charge to the public on the CRISIL public web site, www.crisil.com. For latest rating information on any instrument of any company rated by CRISIL you may contact CRISIL RATING DESK at CRISILratingdesk@crisil.com, or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL.

All rights reserved @ CRISIL