June 17, 2019

Mcleod Russel India Limited: Moved to Issuer Not Cooperating due to Non Submission of No Default Statement (NDS), Ratings downgraded based on best available Information

Summary of rated instruments

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loan	360.00	360.00	[ICRA]B-(Negative) ISSUER NOT COOPERATING*; downgraded from [ICRA]BBB- (Negative) and moved to 'Issuer Not Cooperating' category
Fund-based Bank Facilities	491.76	491.76	[ICRA]B-(Negative) ISSUER NOT COOPERATING*; downgraded from [ICRA]BBB- (Negative) and moved to 'Issuer Not Cooperating' category
Fund-based Bank Facilities**	163.92	163.92	[ICRA]B-(Negative)/[ICRA]A4 ISSUER NOT COOPERATING*; downgraded from [ICRA]BBB-(Negative)/[ICRA]A3 and moved to 'Issuer Not Cooperating' category
Non-fund-based Bank Facilities	15.41	15.41	[ICRA]A4 ISSUER NOT COOPERATING*; downgraded from [ICRA]A3 and moved to 'Issuer Not Cooperating' category
Total	**1031.09**	**1031.09**	

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

Rating Action

ICRA has downgraded the ratings of bank facilities of Mcleod Russel India Limited to [ICRA]B- (pronounced ICRA B minus)/[ICRA]A4 (pronounced ICRA A four) from [ICRA]BBB- (pronounced ICRA triple B minus)/[ICRA]A3 (pronounced ICRA A three). ICRA has also moved the ratings to the 'Issuer Not Cooperating' category due to non submission of monthly 'No Default Statement' ("NDS") by the entity. The rating is now denoted as "[ICRA]B-(Negative)/[ICRA]A4 ISSUER NOT COOPERATING"

ICRA has been consistently following up with Mcleod Russel India Limited for obtaining the monthly 'No Default Statement' and had also placed the ratings under review due to non-submission of NDS in the month of April 2019. However, the entity's management has remained non-cooperative in this regard. The current rating action has been taken by ICRA basis best available information on the issuers' performance. Accordingly the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Rationale

The revision of ratings factors in continued pressure on the liquidity profile of the company, notwithstanding the receipt of a majority of the proceeds from the sale of tea estates. Delays in utilising such sale proceeds in debt reduction resulted in MRIL's overall leveraging still remaining high. ICRA understands that MRIL's high financial exposure to weak Group companies was largely funded by short-term debt, thus exposing the company to significant refinancing risks. ICRA also notes that MRIL has sizeable debt repayment obligations in the near term, which are unlikely to be met from its operational cash flows. Timely fruition of deleveraging plans of the company and the Group and the trend in tea prices relative to costs would be important factors for determining the overall financial risk profile of the company.

Kindly refer to the previous detailed rating rationale which is available on the following link: Click here

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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