October 22, 2020

McLeod Russel India Limited: Continues to remain under Issuer Non-Cooperating category

Summary of rating action:

Instruments	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loan	360.00	360.00	[ICRA]D ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Fund-based Bank Facilities	491.76	491.76	[ICRA]D ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Fund-based Bank Facilities**	163.92	163.92	[ICRA]D/D ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Non-fund-based Bank Facilities	15.41	15.41	[ICRA]D ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Total	**1031.09**	**1031.09**	

*Issuer did not cooperate; based on best available information; **Fungible with LT facilities

Rationale

The ratings for the Rs.1031.09-crore bank facilities of McLeod Russel India Limited (MRIL) continues to remain under Issuer Not Cooperating' category'. The Long-term ratings & Short-term ratings are denoted as "[ICRA]D/D ISSUER NOT COOPERATING" (pronounced ICRA D Issuer not cooperating).

ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis best available/dated/ limited 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.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Rating Methodology for Entities in the Indian Bulk Tea Industry Corporate Credit Rating Methodology Policy on Default Recognition
Parent/Group Support	Not applicable
Consolidation / Standalone	For arriving at the ratings, ICRA has analysed MRIL's consolidated financials comprising domestic operations as well as overseas operations through a wholly owned subsidiary, Borelli Tea Holdings Limited, along with other stepdown subsidiaries mentioned in Annexure 2.

About the company

McLeod Russel India Limited (MRIL), the tea plantation company of the Kolkata-based B.M. Khaitan Group, was originally incorporated as Eveready Company India Private Ltd. on May 5, 1998. MRIL was formed after the demerger of the bulktea business from Eveready Industries India Ltd. (EIIL) with effect from April 1, 2004. MRIL has acquired several other companies like Williamson Tea Assam in FY2006, Doom Dooma Tea Company in FY2007 and Moran Tea in FY2008. These acquisitions helped MRIL increase the number of tea estates to 53 in India with 33,723 hectares (Ha) of total land under tea cultivation. In FY2019 and FY2020, MRIL has sold various tea estates, both in Assam and in the Dooars. MRIL is primarily a producer of CTC tea, which accounts for around 96% of the total tea production.

In FY2020, on a consolidated basis, the entity reported a net loss of Rs.147.80 crore on the back of an operating income of Rs. 1142.7 crore against a net profit of Rs. 38.8 crore on operating income of Rs. 1722.9 crore in the previous year.

In FY2020, on a standalone basis, the entity reported a net profit of Rs.12.3 crore on the back of an operating income of Rs. 856.4 crore against a net loss of Rs. 4.4 crore on operating income of Rs. 1309.9 crore in the previous year.

The previous detailed rating rationale is available on the following link: Click here

Key financials Indicators (Consolidated):

	FY2019	FY2020
Operating Income (Rs. crore)	1719.66	1142.72
PAT (Rs. crore)	38.81	-147.79
OPBDIT/OI (%)	-2.8%	3.5%
PAT/OI (%)	2.3%	-12.9%
Total Outside Liabilities/Tangible Net Worth (times)	1.51	-
Total Debt/OPBDIT (times)	Na	-
Interest Coverage (times)	-0.14	0.17

Source: Company data

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No	Name of Instrument	Type	Current Rating (FY2021)			Chronology of Rating History for the Past 3 years						
			Rated amount	Amount outstanding	Month-year & Rating	Month- year and Rating in						
						FY2020			FY2019			FY2018
			(Rs. crore)		22-Oct- 2020	01-Jul-2019	17-Jun-2019	06-May-2019	29-Mar-2019	08-Oct-2018	08-Jun-2018	11-Aug-2017
1	Term Loan	Long Term	360.00	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]B- (Negative) ISSUER NOT COOPERATING	[ICRA]BBB- (Negative)	[ICRA]A	[ICRA]AA-& (Under rating watch with developing implications)	[ICRA]AA-	[ICRA]AA (Negative)
2	Fund-based Bank Facilities	Long Term	491.76	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]B- (Negative) ISSUER NOT COOPERATING	[ICRA]BBB- (Negative)	[ICRA]A	[ICRA]AA-& (Under rating watch with developing implications)	[ICRA]AA-	[ICRA]AA (Negative)
3	Fund-based Bank Facilities**	Long Term/Short Term	163.92	-	[ICRA]D/D; ISSUER NOT COOPERATING	[ICRA]D/D; ISSUER NOT COOPERATING	[ICRA]B- (Negative)/[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]BBB- (Negative)/[ICRA]A3	[ICRA]A/[ICRA]A2+	[ICRA]AA-& / [ICRA]A1+& (Under rating watch with developing	[ICRA]AA- /[ICRA]A1+	[ICRA]AA (Negative)/ [ICRA]A1+

										implications)		
4	Non-fund-based Bank Facilities	Short Term	15.41	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]A3	[ICRA]A2+	[ICRA]A1+& Withdrawn	[ICRA]A1+	[ICRA]A1+

All figures in Rs. crore

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	Mar, 2015 – Sep, 2017	NA	FY2020-FY2024	360.00	[ICRA]D ISSUER NOT COOPERATING
NA	Fund-based Bank Facilities	NA	NA	NA	491.76	[ICRA]D ISSUER NOT COOPERATING
NA	Fund-based Bank Facilities**	NA	NA	NA	163.92	[ICRA]D/D ISSUER NOT COOPERATING
NA	Non-fund-based Bank Facilities	NA	NA	NA	15.41	[ICRA]D ISSUER NOT COOPERATING

***Fungible with LT facilities*

Source:MRIL

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Borelli Tea Holdings Limited	100.00%	Full Consolidation
Phu Ben Tea Company Limited*	100.00%	Full Consolidation
McLeod Russel Uganda Limited*	100.00%	Full Consolidation
McLeod Russel Middle East DMCC*	100.00%	Full Consolidation
McLeod Russel Africa Limited*	100.00%	Full Consolidation
Pfunda Tea Company Limited^	NA	Full Consolidation

*These are step-down subsidiaries of Borelli Tea Holdings Limited; ^Pfunda was an associate company till May 03, 2019

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About ICRA Limited:

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