

September 29, 2023

National Commodities Management Services Limited: Rating withdrawn for NCD programme

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – Working Capital	203.00	203.00	[ICRA]BBB (Negative); Outstanding
Short-term non-fund based – Working Capital	117.00	117.00	[ICRA]A3+; Outstanding
Long-term – Term Loan	16.80	16.80	[ICRA]BBB (Negative); Outstanding
Long-term/ short-term – Unallocated	3.20	3.20	[ICRA]BBB (Negative)/[ICRA]A3+; Outstanding
Non-convertible Debentures Programme	325.00	0.00	[ICRA]BBB (Negative); Withdrawn
Total	665.00	340.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating assigned to the non-convertible debentures (NCDs) of Rs. 320 crore for National Commodities Management Services Limited (NCML) as these NCDs have been completely redeemed as per the stock exchange filing. ICRA has also withdrawn its rating on Rs. 5 crore of unplaced NCDs at the request of the company. This is in accordance with ICRA's policy on withdrawal.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, rating sensitivities and key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings
Parent/Group support	The ratings assigned factor in the high likelihood of its parent group, Fairfax, extending financial support to the company out of the need to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of NCML, details of which are enlisted in Annexure II.

About the company

Incorporated in 2004, NCML is one of the country's leading agri-logistics companies in the private sector, present across supply chain management, warehouse services, collateral management, testing and certification, weather Intelligence and consultancy services. NCML operates a chain of warehouses at more than 100 locations across the country through owned, leased, or franchised models. The company was initially promoted by various banks/financial institutions and other public-

sector entities. However, after the exit of some of its early shareholders, the majority shareholding in NCML lies with Fairfax India Holdings Corporation (a 91% stake) through a Mauritius-based entity, FIH Mauritius Investments.

Fairfax Financial Holdings Limited, Canada (Fairfax) is the ultimate holding company, which is involved in insurance, reinsurance and investment management through its subsidiaries. Founded in 1985 by Mr. V Prem Watsa, Fairfax is headquartered in Toronto, Canada, and is rated Baa3 (Stable) by Moody's.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

SN	Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the past 3 years					
			Amount Outstanding Rated (Rs. crore)	as on September 20, 2023 (Rs. crore)	Date & Rating in		Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
					Sep 29, 2023	Sep 18, 2023	Feb 03, 2023	Dec 15, 2022	Dec 16, 2021	Dec 18, 2020
1	Non-convertible Debentures	Long-Term	325.0*	-	[ICRA]BBB(Negative) Withdrawn	[ICRA]BBB (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A (stable)
2	Fund based bank facilities	Long-Term	203.0	-	[ICRA]BBB (Negative)	[ICRA]BBB (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A (stable)
3	Non-fund-based bank facilities	Short-Term	117.0	-	[ICRA]A3+	[ICRA]A3+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	-
4	Term loan	Long-Term	16.8	13.4	[ICRA]BBB (Negative)	[ICRA]BBB (Negative)	[ICRA]A- (Negative)	[ICRA]A- (Negative)	-	-
5	Unallocated	Long-Term/Short-Term	3.2	-	[ICRA]BBB (Negative)/[ICRA]A3+	[ICRA]BBB (Negative)/[ICRA]A3+	[ICRA]A- (Negative)/[ICRA]A2+	[ICRA]A- (Negative)/[ICRA]A2+	[ICRA]A (Negative)/[ICRA]A2+	-
6	Commercial paper	Short-Term	-	-	-	-	-	-	-	[ICRA]A1 reaffirmed/withdrawn

*withdrawn

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term- fund-based – working capital	Simple
Short -term – non-fund based working capital	Very Simple
Long-term- term loan	Simple
Long-term- non-convertible debentures	Simple
Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based Limits	NA	NA	NA	203.00	[ICRA]BBB (Negative)
NA	Non-Fund based Limits	NA	NA	NA	117.00	[ICRA]A3+
NA	Term loan I	FY2022	NA	FY2027	11.75	[ICRA]BBB (Negative)
NA	Term loan II	FY2022	NA	FY2027	5.05	[ICRA]BBB (Negative)
NA	Unallocated	NA	NA	NA	3.20	[ICRA]BBB (Negative)/ [ICRA]A3+
INE969G07012	Non-convertible Debentures (NCD)	FY2020	9.47%	FY2030	320.00	[ICRA]BBB (Negative); Withdrawn
NA	Non-convertible Debentures (NCD)		Not placed		5.00	[ICRA]BBB (Negative); Withdrawn

Source: Company

[please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis:

NCML	NCML Ownership	Consolidation Approach
National Commodity Management Services Limited	100.00% (rated entity)	Full Consolidation
NCML Finance Private Limited	100%	Full Consolidation
NCML Mktyard Private Limited	100%	Full Consolidation
NCML Basti Private Limited	100%	Full Consolidation
NCML Varanasi Private Limited	100%	Full Consolidation
NCML Faizabad Private Limited	100%	Full Consolidation
NCML Batala Private Limited	100%	Full Consolidation
NCML Chhehreatta Private Limited	100%	Full Consolidation
NCML Deoria Private Limited	100%	Full Consolidation
NCML Palwal Private Limited	100%	Full Consolidation
NCML Bettiah Private Limited	100%	Full Consolidation
NCML Bhattu Private Limited	100%	Full Consolidation
NCML Jalalabad Private Limited	100%	Full Consolidation
NCML Sonapat Private Limited	100%	Full Consolidation
NCML KB Private Limited	100%	Full Consolidation
NCML Madhepura Private Limited	100%	Full Consolidation
NCML Saran Private Limited	100%	Full Consolidation
NCML Motihari Private Limited	100%	Full Consolidation
NCML Agribusiness Consultants Private Limited	100%	Full Consolidation

Source: Annual report; Note: ICRA has factored in consolidated financials of NCML while assigning the ratings.

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