

N.B. Commercial Enterprises Limited

Instrument	Amount Rated	Rating Action
Cash Credit	Rs. 7.00 crore (enhanced from Rs. 6.00 crore)	[ICRA]BBB- (SO) (Stable) reassigned
Letter of Credit	Rs. 9.00 crore	[ICRA]A3 (SO) reassigned
Letter of Guarantee	Rs. 1.50 crore (enhanced from Rs. 0.50 crore)	[ICRA]A3 (SO) reassigned

ICRA has reassigned the long-term rating to [ICRA]BBB-(SO) (pronounced ICRA triple B minus Structured Obligation) from [ICRA]BB (pronounced ICRA double B) to the Rs. 7.00 crore¹ (enhanced from Rs. 6.00 crore) cash credit facility of N.B. Commercial Enterprises Limited ('NBCEL' or 'the company')². The outlook on the long-term rating is Stable. ICRA has also reassigned the short-term rating to [ICRA]A3 (SO) (pronounced ICRA A three Structured Obligation) from [ICRA]A4 (pronounced ICRA A four) to the Rs. 10.50 crore (enhanced from Rs. 9.50 crore) short-term, non- fund based facilities of NBCEL.

The letters SO in parenthesis suffixed to a rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. 'SO' ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned. The assigned ratings are based on the strength of the unconditional and irrevocable corporate guarantee extended by Sayaji Industries Limited (SIL) (rated [ICRA]BBB- (Stable) / [ICRA]A3) for the entire bank facilities of NBCEL.

Rating Rationale

The assigned rating is based on the strength of the unconditional and irrevocable corporate guarantee extended by SIL (rated [ICRA]BBB- (stable) / [ICRA]A3), for the entire bank facilities of NBCEL and the ratings assume that the guarantee will be duly invoked, as per the terms of the underlying facilities and guarantee agreements, in case there is default in the payment by the borrower.

About the Issuer

N B Commercial Enterprises Limited (NBCEL) was incorporated in 1987 and was initially involved in manufacturing of circular weaving looms used in plastic woven sack industries. The company is promoted by Mr. Bipin Mehta and Mr. Priyam Mehta. NBCEL ventured into manufacturing of HDPE barrels in FY 2006, discontinuing its existing weaving loom operations. The company has a current installed capacity to manufacture 7,00,000 barrels per annum. The company primarily manufactures 210 and 235 litre capacity barrels.

Recent Results – NBCEL

During FY 2015, NBCEL reported an operating income of Rs. 57.98 crore (as against 53.60 crore during FY 2014) and profit after tax of Rs. 0.49 crore (as against Rs. 0.68 crore during FY 2014). Further, for FY 2016, the company reported operating income of Rs. 59.29 crore and profit after tax of Rs. 0.71 crore (as per provisional unaudited financials).

About the Guarantor

Incorporated in 1941, Sayaji Industries Limited (SIL) is promoted by the Mehta family and is engaged in manufacturing of starch, its downstream derivatives viz. liquid glucose, dextrose monohydrate, anhydrous dextrose, sorbitol and by products like gluten, maize oil etc. which finds applications in textile, processed foods, pharmaceuticals, chemical, paper and other industries. The manufacturing facility is located at Kathwada, Ahmedabad and is ISO 9001:2008 certified.

Recent Results – SIL

During FY 2015, SIL reported operating income of Rs. 466.08 crore and profit after tax of Rs. 9.41 crores as against operating income of Rs. 496.45 crores and profit after tax of Rs. 6.66 crores in FY 2014. Further, during

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



9M FY 2016 SIL reported operating income of Rs. 365.47 crore and profit after tax of Rs. 2.20 crores (as per unaudited provisional financials).

June 2016

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