

Mandava Holdings Private Limited

February 07, 2019

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures (NCDs)	25.00	25.00	[ICRA]AAA (SO) (Stable); Reaffirmed
Total	25.00	25.00	

*Instrument details are provided in Annexure-1

Rating action

ICRA has reaffirmed the long-term rating of [ICRA]AAA(SO) (pronounced ICRA triple A structured obligation) assigned to Rs. 25.00 crore non-convertible debenture (NCD) programme of Mandava Holdings Private Limited (MHPL). The aforesaid rating carries a stable outlook.

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. Such SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

Rationale

The reaffirmation of the rating for the NCD continues to factor in the strength of an unconditional and irrevocable underwriting commitment from Axis Capital Limited (ACL). The rating also factors the payment mechanism designed to ensure payment on the rated NCDs as per the terms of the transaction and the presence of an Interest Service Reserve Account (ISRA).

Outlook: Stable

The outlook may be revised if there is a change in ICRA's internal rating view on Axis Capital Limited (ACL)

Key rating drivers

Credit strengths

Presence of Interest Service Reserve Account (ISRA): The Issuer shall maintain reserve equivalent to two quarterly coupon payments in the ISRA.

Presence of payment mechanism: The payment mechanism is designed to ensure timely payment to the investors as per terms of the transaction, even if the Issuer does not pay and the NCD redemption happens through funds due from/arranged by ACL as per the terms of the transaction.

Underwriting commitment covers all obligations - The underwriting commitment from ACL is unconditional and irrevocable, and it covers all obligations that may arise on the rated NCDs. The payment mechanism is designed to ensure timely payment to the investors as per terms of the transaction, even if the Issuer does not pay and the NCD redemption happens through funds due from ACL because of its underwriting commitment.

ACL is a 100% subsidiary of Axis Bank (rated [ICRA]AAA(Stable)/ [ICRA]A1+); ICRA takes comfort from ACL's parentage, sharing of the 'Axis' brand name and the fact that the MD and CEO of the Bank is the chairperson of ACL.

Liquidity position

The rating factors in the presence of interest service reserve (ISRA) equivalent to two quarterly interest payments, providing liquidity support for debt servicing.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Approach for rating debt instruments backed by third-party explicit support
Parent/Group Support	Not Applicable
Consolidation/Standalone	The rating is based on the unconditional and irrevocable underwriting commitment from ACL that would cover all the repayment obligations to the NCD holders as per the terms of the transaction.

About the company

MHPL is the holding company for the Hyderabad based NSL group, which has interests across seeds, sugar, textiles, power and real estate. The flagship company of the group Nuziveedu Seeds Limited, established in 1973 is a leading Agro-biotech company in India. Others major companies in the group include NSL Sugars Limited, NSL Textiles Limited, NSL Renewable Power Private Limited, NSL Infratech Limited, NSL Estates Private Limited and NSL Cotton Corporation Private Limited.

About the underwriter

Axis Capital Limited (ACL), is a wholly owned subsidiary of Axis Bank (rated [ICRA]AAA(Stable)/ [ICRA]A1+). ACL was formerly known as Axis Securities and Sales Limited. However, post the acquisition of the businesses of Enam Securities Private Limited, the name was changed to Axis Capital Limited w.e.f. October 2012. ACL is currently engaged in three broad business segments, namely, Investment Banking, Institutional Equities and Investment Solutions. It is one of the leading Institutional Brokerage houses amongst the domestic brokers and has also established a credible position in the market in the Investment Bankers league standings. ICRA takes comfort from ACL's parentage and the resultant strong linkage between the two entities, with ACL sharing the 'Axis' brand name. Further, the MD and CEO of the Bank is the chairperson of ACL.

In FY2018, ACL reported a PAT of Rs. 138.79 crore on an operating income of Rs. 397.08 crore. The total net worth of the company was Rs. 426.03 crore and total assets stood at Rs. 1361.25 crore as on March 31, 2018.

Key financial indicators - ACL

	FY2017	FY2018
Operating income	302.84	397.08
PAT	113.22	138.79
Net Worth	411.09	426.03
Total Assets	1198.81	1361.25
Total Borrowings	-	-

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Current Rating (FY2019)					Chronology of Rating History for the past 3 years						
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating	Date & Rating in FY2018			Date & Rating in FY2017			Date & Rating in FY2016
				February 2019	March 2018	February 2018	January 2018	February 2017	January 2017	December 2016	December 2015
1 NCDs	Long Term	280.00	Nil	-	-	-	[ICRA]AAA (SO) (Stable) Withdrawn	[ICRA]AA (SO) (Stable)	[ICRA]AA (SO) (Stable)	[ICRA]AA (SO) (Stable)	[ICRA]AAA (SO) (Stable)
2 NCDs	Long Term	25.00	25.00	[ICRA]AA (SO) (Stable)	[ICRA]AAA (SO) (Stable)	[ICRA]AAA (SO) (Stable)	[ICRA]AAA (SO) (Stable)	[ICRA]AA (SO) (Stable)	Provisional [ICRA]AA (SO) (Stable)	-	-

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
INE689L07073	NCD	Jan-2017	8.34%	Jan-2020	25.00	[ICRA]AAA (SO) (Stable)

Source: MHPL

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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