

Kilburn Chemicals Limited

September 23, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	206.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	206.00 (Rs. Two Hundred Six Crore Only)		

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

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated June 29, 2020, continued the ratings of Kilburn Chemicals Limited (KCL) under the 'issuer non-cooperating' category as KCL had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. KCL continues to be non-cooperative despite repeated requests for submission of information through phone calls and an email dated May 15, 2021 among others. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Detailed description of the key rating drivers

At the time of last rating on June 29, 2020 the following were the rating strengths and weaknesses (updated for the information available from stock exchange fillings):

Key Rating Weaknesses

Ongoing delays in debt servicing: There are ongoing delays in debt servicing by the company. The titanium dioxide (TiO₂) plant commissioned by the company in March 2018 is not operational. The company is under Corporate Insolvency Resolution Process (CIRP) since August 2020.

Delays in stabilization of plant: The company announced commencement of commercial operations on March 22, 2018. However, the plant faced issues in stabilisation in some of the processes and the production cycle was not smooth. The entire operation was shut down from October 2018 because of liquidity and technical issues.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook and credit watch to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology – Manufacturing companies](#)

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

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About the Company

KCL was incorporated in August 1990 as Southern Tioxide Ltd. It was taken over by the current promoter, Mr. Sandeep Kumar Jalan (MD of KCL) in 1992. The company had set up a TiO₂ (Anatase grade) plant in Tuticorin, Tamil Nadu with an installed capacity of 10 ton/day (TPD) which commenced operation in the year 1994. The plant was sold in October 2011 due to operational issues. Meanwhile, in March 2011, KCL had been allotted land in Dahej, Gujarat for setting up a second TiO₂ manufacturing facility. KCL has set up a new facility for manufacturing rutile grade TiO₂ through sulphate route with an installed capacity of 16,500 TPA (with 49,500 TPA capacity of Ferrous Sulphate Heptahydrate (FSH) as by-product) in Gujarat in Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR).

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)
Total operating income	0.26	1.04
PBILDT	-4.43	-4.41
PAT	-17.11	-17.02
Overall gearing (times)	11.11	42.17
Interest coverage (times)	NM	NM

A: Audited; NM: Not Meaningful

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	June 2024	166.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	40.00	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	166.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-20)	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19) 2)CARE D (24-Oct-18) 3)CARE BB+; Stable (23-Aug-18) 4)CARE BBB-; Stable (19-Apr-18)
2.	Fund-based - LT-Cash Credit	LT	40.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (29-Jun-20)	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-19) 2)CARE D (24-Oct-18) 3)CARE BB+; Stable (23-Aug-18) 4)CARE BBB-; Stable (19-Apr-18)

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Annexure 3: Detailed explanation of covenants of the rated instruments: NA

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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