

OCTOBER 26, 2016

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF BENGAL & ASSAM COMPANY LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	149.50	CARE A [Single A]	Reaffirmed
Total Facilities	149.50 (Rupees One Hundred Forty Nine Crores and Fifty lakh only)		

Rating Rationale

The rating of the bank facilities of Bengal & Assam Company Ltd (BACL) continues to derive strength from experienced promoters & management team, the company's status as the investment company for the JK group companies, and steady flow of dividend & rental income. The rating continues to take into account the strong investment profile of BACL with comfortable liquidity profile underpinned by substantial liquid investments, strong financial flexibility and healthy asset quality.

The rating, however, continues to remain constrained by BACL's dependence on dividend income and limited revenue stream.

Maintenance of BACL's liquidity and capital adequacy ratio remain crucial. Going forward, the performance of the group companies and any consequent impact on BACL would be the key rating sensitivity.

Background

BACL is the holding company for JK group headed by Mr Bharat Hari Singhania as its Chairman. BACL was originally incorporated as Bengal & Assam Investors Ltd in 1947. The name of the company was changed to the present one in 1982. The company is registered as a Non Deposit Taking Systematically Important Core Investment Company (CIC-ND-SI) with Reserve Bank of India (RBI) and is thus exempt from certain compliances of RBI like minimum requirement of net owned funds and exposure norms. The company acts only as investment holding company for the JK group companies and does not engage in lending to third parties outside JK group. It has notable stake in group companies like JK Lakshmi Cement Ltd. (JKLC), JK Tyre & Industries Ltd. (JKTIL), JK Fenner (India) Ltd. (JKF) and JK Paper Ltd (JKPL).

During FY16 (refers to the period April 01 to March 31), the company derived total income of Rs. 46.98 crore with PAT of Rs. 22.98 crore. In Q1FY17 (refers to the period April 01 to June 30), the company reported a total income of Rs. 7.39 crore with PAT of Rs. 0.54 crore.

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

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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