

Kilburn Chemicals Limited

March 27, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	206.00	CARE D; ISSUER NOT COOPERATING*	“Issuer not cooperating; Based on best available information”
Total Facilities	206.00 (Rupees Two Hundred and Six crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Kilburn Chemicals Limited (KCL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE’s rating on KCL’s bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

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

The ratings take into account the ongoing delays in debt servicing due to delay in stabilisation of operations in the titanium dioxide (TiO₂) plant commissioned by the company in March 2018.

Detailed description of the key rating drivers

At the time of last rating on October 24, 2018 the following were the rating strengths and weaknesses (updated for the information available):

Ongoing delays in interest servicing: There are ongoing delays in debt servicing by the company. The cash flow generation from the TiO₂ plant has been inadequate due to delay in stabilisation of operations in the plant commissioned by the company in March 2018.

Delays in stabilization of plant: The company announced commencement of commercial operations on March 22, 2018. However, the plant is facing issues in stabilisation in some of the processes and the production cycle is not smooth. Hence, negligible quantity was produced in Q1FY19 and Q2FY19 due to which the company incurred loss.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)
[CARE’s Policy on Default Recognition](#)
[Criteria on assigning Outlook to Credit Ratings](#)
[Rating Methodology- Manufacturing Companies](#)
[Financial ratios – Non-Financial Sector](#)

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 set up a TiO₂ (Anatase grade) plant in Tuticorin, Tamil Nadu with an installed capacity of 10 tonnes/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). The facility commenced operation in March 2018 as against initial estimate of October 2017.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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

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

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

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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

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* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	40.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	166.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (24-Oct-18) 2)CARE BB+; Stable (23-Aug-18) 3)CARE BBB-; Stable (19-Apr-18)	1)CARE BBB-; Stable (22-Mar-18) 2)CARE BBB-; Stable (12-Apr-17)	1)CARE BBB- (12-Apr-16)	-
2.	Fund-based - LT-Cash Credit	LT	40.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (24-Oct-18) 2)CARE BB+; Stable (23-Aug-18) 3)CARE BBB-; Stable (19-Apr-18)	-	-	-

*Issuer did not cooperate; Based on best available information

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