

Kilburn Chemicals Limited

June 29, 2020

Rating

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 (Rs Two Hundred and Six crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 27, 2019, placed 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. In line with the extant SEBI guidelines, CARE has reviewed the ratings.

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 Mar 27, 2019 the following were the rating strengths and weaknesses (updated for information available):

Detailed description of the key rating drivers

Key Rating Weaknesses:

Ongoing delays in debt servicing: There are ongoing delays in debt servicing by the company. The TiO₂ plant commissioned by the company in March 2018 is not operational.

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](#)

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

[Criteria on assigning Outlook and credit watch 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 had 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).

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

*Issuer did not cooperate; Based on best available information

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	0.12	0.94
PBILDT	-1.68	-15.22
PAT	-15.51	-50.30
Overall gearing (times)	2.43	5.54
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

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

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
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; 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)	1)CARE BBB-; Stable (22-Mar-18) 2)CARE BBB-; Stable (12-Apr-17)
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; 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)	-

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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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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