

## Ruchi Soya Industries Ltd

February 20, 2018

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	3,424.24	<b>CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)</b>	ISSUER NOT COOPERATING; Based on best available information
Long Term / Short Term Bank Facilities	6,490.95	<b>CARE D/CARE D; ISSUER NOT COOPERATING* (Single D/Single D; ISSUER NOT COOPERATING*)</b>	ISSUER NOT COOPERATING; Based on best available information
<b>Total</b>	<b>9,915.19 (Rs. Nine Thousand Nine Hundred Fifteen crore and Nineteen lakh only)</b>		

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

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Ruchi Soya Industries Ltd (RSIL) to monitor the rating(s) vide e-mail communications dated February 06, 2018, February 08, 2018, February 12, 2018 and February 13, 2018 and numerous phone calls. Further, CARE has been following up with RSIL for submission of monthly No Default Statement (NDS) vide various emails from July 2017 to February 2018 and numerous phone calls.

However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information. Further, RSIL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on RSIL's bank facilities will now be denoted as **CARE D/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(s).**

The ratings of RSIL take into account ongoing delays in servicing of debt obligations on account of its stressed liquidity.

### Detailed description of the key rating drivers

*At the time of last rating on January 10, 2017 the following were the rating strengths and weaknesses (updated for the information available from BSE filings, banker feedback and market information and as conveyed by the company):*

### Key Rating Weaknesses

**Delays in debt servicing:** RSIL witnessed delays in servicing of debt obligations on account of its stressed liquidity, on the back of huge loss posted in FY16 (FY refers to the period April 1 to March 31) and subdued operating performance in H1FY17. Liquidity of the company continues to remain stressed on account of huge cash losses posted in FY17 and in H1FY18.

**Initiation of Corporate Insolvency Resolution Process (CIRP):** CIRP has been initiated against RSIL in December 2017 under the Insolvency and Bankruptcy Code (IBC).

**Analytical approach:** Standalone

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

### Applicable Criteria

[Policy in respect of Non-Cooperation by Issuer](#)

[CARE's policy on default recognition](#)

[Criteria for Short term instruments](#)

[Rating Methodology – Manufacturing Companies](#)

[Financial ratios - Non Financial sector](#)

### About the Company

Incorporated in January 1986, RSIL is engaged in crushing of oil seeds and extraction/refining of edible oil along with manufacturing of related products such as soya meal, soya lecithin, vanaspati and textured proteins. It is also engaged in import/export as well as domestic trading of various agri-commodities. RSIL has crushing capacity of 3.72 million tonnes at 10 locations across the country.

It is the flagship entity of the Indore, Madhya Pradesh, based Ruchi Group which has business interests spread across various sectors including edible oil, agri-commodity trading, liquid and dry storage warehousing for agri-products and real estate.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	27,790	18,566
PBILDT	187.17	-628.66
PAT	-1.062	-1,257
Overall gearing (times)	5.50	NM
Interest coverage (times)	0.14	-0.69

NM: Not meaningful

As per the provisional results for H1FY18, RSIL registered a net loss of Rs.3,169 crore on a total operating income of Rs.6,372 crore, compared with a profit after tax of Rs.28 crore on a total operating income of Rs.10,159 crore in H1FY17.

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

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

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto: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.

### **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
Term Loan-Long Term	-	-	March 2026	607.24	CARE D; ISSUER NOT COOPERATING*
Fund-based-Long Term	-	-	-	2817.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based-LT/ST	-	-	-	6490.95	CARE D / 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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Term Loan-Long Term	LT	607.24	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (10-Jan-17) 2)Suspended (29-Dec-16) 3)CARE B (29-Sep-16) 4)CARE BB+ (16-Jun-16)	1)CARE BBB+ (05-Jan-16)	1)CARE BBB+ (13-Jan-15)
2.	Fund-based-Long Term	LT	2817.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (10-Jan-17) 2)Suspended (29-Dec-16) 3)CARE B (29-Sep-16) 4)CARE BB+ (16-Jun-16)	1)CARE BBB+ (05-Jan-16)	1)CARE BBB+ (13-Jan-15)
3.	Non-fund-based-LT/ST	LT/ST	6490.95	CARE D / CARE D; ISSUER NOT COOPERATING*	-	1)CARE D / CARE D (10-Jan-17) 2)Suspended (29-Dec-16) 3)CARE B / CARE A4 (29-Sep-16) 4)CARE BB+ / CARE A4+ (16-Jun-16)	1)CARE BBB+ / CARE A2 (05-Jan-16)	1)CARE BBB+ / CARE A2 (13-Jan-15)

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

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