

Ruchi Soya Industries Limited

May 21, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	3424.24	CARE D; ISSUER NOT COOPERATING* [Single D; ISSUER NOT COOPERATING*]	ISSUER NOT COOPERATING; Based on best available information
Long Term/ Short Term Bank Facilities	6490.95	CARE D/CARE D; ISSUER NOT COOPERATING* [Single D/Single D; ISSUER NOT COOPERATING*]	ISSUER NOT COOPERATING; Based on best available information
Total Facilities	9,915.19 (Rupees Nine Thousand Nine Hundred Fifteen crore and Nineteen lakh Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide press release dated February 20, 2018, placed the ratings of Ruchi Soya Industries Limited (RSIL) under the 'Issuer Non-cooperating' category as RSIL had failed to provide information for monitoring of the rating, had not submitted the No Default Statement for the period from July 2017 to February 2018 and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. RSIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and e-mails dated May 10, 2019, May 13, 2019 and May 15, 2019. In line with the extant SEBI guidelines, CARE has reviewed the ratings 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 these ratings (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

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 February 20, 2018, the following were the rating strengths and weaknesses (updated for the information available from BSE filings, lenders feedback and publicly available information).

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 by RSIL in FY17 and FY18.

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

Applicable Criteria

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

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

[Criteria for Short Term Instruments](#)

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

[Rating Methodology - Manufacturing Companies](#)

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

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

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 of RSIL are tabulated below:

Brief Financials (Rs. Crore)	FY17 (A)	FY18 (A)
Total operating income	18,566	12,017
PBILDT	(629)	(4,984)
PAT	(1,257)	(5,573)
Overall gearing (times)	NM	NM
Interest coverage (times)	NM	NM

A – Audited; NM – Not Meaningful

As per the provisional results for 9MFY19, RSIL registered a profit after tax of Rs.45 crore on a total operating income of Rs.9,652 crore, compared with a net loss of Rs.5,126 crore on a total operating income of Rs.9,422 crore in 9MFY18. In respect of the provisional results for 9MFY19, Independent Auditor's Review Report has been qualified on the following matters:

- Balance confirmations in respect of RSIL's borrowings from banks and financial institutions aggregating Rs.4,734 crore and bank balances of Rs.295 crore as on December 31, 2018 were not received by the auditors.
- As a part of CIRP, financial and operational creditors submitted their claims to the company, which exceeded the amount of outstanding dues as appearing in the books of accounts. No accounting impact of the same has been made in respect of the excess, short, or non-receipts of claims due to pending reconciliations and final outcome of CIRP, which renders the consequential impact, if any, on the financial results as currently unascertainable.
- RSIL has not recognized interest on borrowings from banks and financial institutions, customer advances, inter-corporate deposits and security deposits received, subsequent to Insolvency Commencement Date i.e. December 15, 2017, amounting to Rs.346 crore for the year ended March 31, 2018 and Rs.1,166 crore for nine months ended December 31, 2018.
- RSIL has not translated foreign currency trade payables, certain trade receivables and borrowings as at December 31, 2018 using closing exchange rate having an impact of foreign exchange loss of Rs.29 crore for the nine months ended December 31, 2018 (loss of Rs.19 crore for FY18), translating into a total impact of Rs.48 crore till date. The same is not in compliance with IND AS 21 on 'The effects of changes in foreign exchange rates'.
- If RSIL had made provision for interest and exchange difference, finance cost and total expenses would have been higher, while profit and total comprehensive income for the nine months ended December 31, 2018 would have been lower by aggregate amount as mentioned above, which would have consequential impact on other current financial liability and other equity.

RSIL has not made assessment of impairment of its tangible and intangible assets.

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
Term Loan-Long Term	-	-	March 2026	607.24	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based-Long Term	-	-	-	2817.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based-LT/ST	-	-	-	6490.95	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

* Issuer did not co-operate, 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)	Ratings	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Term Loan-Long Term	LT	607.24	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (20-Feb-18)	1)CARE D (10-Jan-17) 2)Suspended (29-Dec-16) 3)CARE B (29-Sep-16) 4)CARE BB+ (16-Jun-16)
2.	Fund-based-Long Term	LT	2,817.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (20-Feb-18)	1)CARE D (10-Jan-17) 2)Suspended (29-Dec-16) 3)CARE B (29-Sep-16) 4)CARE BB+ (16-Jun-16)
3.	Non-fund-based-LT/ST	LT/ST	6,490.95	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (20-Feb-18)	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)

* Issuer did not co-operate, based on best available information

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:

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