CARE Ratings
Professional Risk Opinion

No. CARE/DRO/RL/2021-22/2199

Mr. Rakesh Mehrotra
Chief Financial Officer
KRBL Limited
C-32,Sector 62,
Noida,Uttar Pradesh
Uttar Pradesh 201301

September 21, 2021

Confidential

Dear Sir,

Credit rating for Commercial Paper (CP) issue aggregating Rs.500.00 crore[1]

On the basis of recent developments including operational and financial performance of your company for FY21 (Audited) and Q1FY22 (Un-audited), the status of ongoing legal cases and the possible impact of the same on the credit profile of your company, our Rating Committee has reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating[2]	Rating Action
Commercial Paper (Carved out)*	500.00	CARE A1+ (A One Plus)	Reaffirmed and removed from Credit watch with Negative Implications
Total Instruments	500.00 (Rs. Five Hundred Crore Only)		

**carved out of the sanctioned working capital limits of the company.*

2. The CP issue would be for a maturity not exceeding one year.
3. Please arrange to get the rating revalidated in case the issue is not made within **two months** from the date of this letter i.e. by November 20, 2021. Once the CP is placed, the rating is valid for the tenure of such instrument till redemption.
4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

[1] *This represents the aggregate of all CP issuances of the company outstanding at any point in time.*
[2]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors

5. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly/by end of the day, a draft of which is enclosed for your perusal as **Annexure**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by the end of the day, we will proceed on the basis that you have no any comments to offer.
6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
9. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
10. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi - 110 055.
Tel: +91-11-4533 3200 ● Fax: +91-11-4533 3238

Thanking you,

Yours faithfully,

Richa Jain
Assistant Director
richa.j@careratings.com

Ravleen Sethi
Associate Director
ravleen.sethi@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.
Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings
Professional Risk Opinion

Annexure-2

Press Release

KRBL Limited

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Commercial Paper (Carved out)*	500.00	CARE A1+ (A One Plus)	Reaffirmed and removed from Credit watch with Negative Implications
Total Short Term Instruments	**500.00 (Rs. Five Hundred Crore Only)**		

**carved out of the sanctioned working capital limits of the company*
Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has reaffirmed the rating assigned to the Commercial paper issue of KRBL Limited (KRBL) and removed it from 'Credit Watch with Negative Implications'. The rating was earlier placed on credit watch on account of the ongoing legal cases against the director of the company. The Enforcement Directorate (ED) had arrested Mr. Anoop Gupta, the Joint Managing Director of KRBL in January-2021, who was subsequently released on bail, in connection with a money laundering probe into the AgustaWestland scam. While the cases are still ongoing, there has not been any material adverse impact of the same on the operational and financial profile of KRBL. The company continues to enjoy leadership position in the basmati rice industry, a strong & established brand in the domestic and export market and comfortable liquidity position leading to deleveraging of the balance sheet. Nevertheless, CARE will continue to monitor any developments on these cases and probable impact of the same on the operations of KRBL.

The reaffirmation of rating continues to derive strength from the experienced promoters with long track record of operations in the rice industry, established brand name backed by robust selling & distribution network, integrated operations and diversification in renewable energy segment as an alternate source of revenue. The rating also take into consideration KRBL's in-house research & development capabilities, strong market share in Middle East countries with premium pricing over the industry average and comfortable financial profile marked by healthy profitability and comfortable solvency and liquidity position.

These rating strengths are, however, partially offset, by working capital intensive operations, volatility in raw material prices, vulnerability of trade due to changes in government policies, foreign exchange risk and fragmented nature of the industry.

Key Rating Sensitivities

Negative Factors

- Any adverse developments in relation to the ongoing legal cases having a material impact on the operational or financial risk profile of the company.
- Significant debt-funded capex resulting in deterioration of capital structure with overall gearing increasing more than 1.0x.
- Inability of the company to sustain its position in Indian export market in light of adverse changes in import policies of key importing countries such as Iran, thereby, significantly affecting the scale of operations and profitability of the company.

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 ● Fax: +91-22- 022 6754 3457
Email: care@careratings.com ● www.careratings.com

13th Floor, E-1 Block, Videocon Tower
Jhandewalan Extension, New Delhi - 110055.
Tel: +91-11-4533 3200 ● Fax: +91-11-4533 3238

CI`N-L67190MH1993PLC071691

Detailed Description of the Key Rating Driver

Key Rating Strengths

Experienced promoter with long track record of operations in the rice industry

KRBL Limited (KRBL) was incorporated in 1993 by Mr. Anil K. Mittal (Chairman & MD) and his brothers Mr. Anoop K. Gupta (JMD) and Mr. Arun K. Gupta (JMD). Though, the company was incorporated in its present form in 1993, the family has been in the rice business for more than 130 years and all the 3 promoter brothers are actively involved in running the business operations Further, the promoters are assisted by an experienced team of professionals for carrying out the day-to-day operations of the company.

Established brand name backed by robust selling & distribution network

KRBL is an established player of basmati and non-basmati rice in the overseas markets. The company sells rice under its flagship brand, 'India Gate' along with the other brands like Taj Mahal, Doon, Nur Jahan, Bemisal and Unity among others. It has created a strong brand presence through collaborations with global retail chains. In FY21, exports constituted around 49% of KRBL's total operating income (PY: 46%). India Gate brand (domestic & export) contributed around 50% (PY: 47%) of total revenue during FY21 thus indicating its strong market presence and acceptability.
KRBL over time has built up a strong distributor network both in the domestic and international markets. KRBL has around 500 dealer-distributors all over India and has strong distributor network in the overseas markets and also has strong tie-ups with several domestic retail chains.

Presence across value chain being India's first integrated rice producing company with a comprehensive product chain and diversification in health foods

KRBL is one of the largest fully integrated rice company. Over the years, the company has made its presence across the value chain of rice business thereby generating higher profitability. KRBL has its presence right from the seed development and distribution, farming stage (through contract farming) and milling of the paddy and selling of finished rice. It is engaged in production of value-added by-products like brain oil, de-oiled cakes and uses rice husks for captive power plant and production of furfural. KRBL also has a large base of contact farmers in the country with around 90,000 farmers cultivating about 300,000 acres. Integrated operations and presence across the entire value chain facilitates in controlling costs and quality. Further, KRBL is also diversifying its product portfolio by including health foods in their product portfolio.

Diversification in Renewable energy/ Captive power

KRBL has been continuously expanding its presence in value added products and Power business as a diversification measure. With its increasing focus on green manufacturing, KRBL had diversified into renewable energy and has been increasing its capacity. Its green energy portfolio stood at 146.94 MW as on March 31, 2021. Out of the total power generated ~23% was used for captive consumption.
The diversification into power and renewable energy has not only helped KRBL to become self-sufficient in its captive requirements, but has also emerged as a strong revenue earner for the company. The energy segmented contributed 2.33% (PY: 3%) of total revenue for FY21, while it contributed to 7% of total PBT (PY: 10%) in FY21.

In-house R&D facilities

KRBL has an established in-house R&D facility to ensure best quality basmati rice and continuous development of newer verities. KRBL has established a network of farmers to produce best quality seeds and has a seed grading plant. It sources 'breeder' seeds from various leading Indian Agriculture Research Institutes (PUSA), which are then grown as 'foundation' seeds under the supervision of scientists and the government seed certification agency, before being distributed to farmers. The collaboration also facilitates continuous improvement in quality cropping methodologies, seed varieties and harvesting techniques of the farmer partners.

Strong market share in Middle East countries and premium export pricing

KRBL has a strong market presence in international markets (82 countries) and in particular the Middle East countries. It has a strong presence in Middle East countries such as Saudi Arabia, UAE, Kuwait, Qatar, Oman and Bahrain among others. The Middle East region accounted for nearly 79% of the KRBL's total exports sales during FY21 (PY: 70%).

The total export sales stood at Rs. 1,897 crore (2,67,419 MT) during FY21 as against Rs. 2,085 crore (248,232 MT) during FY20. The export revenue of the company decreased as a result of disruptions in trade operations caused by the global pandemic.

Comfortable financial risk profile

The total operating income of the company witnessed a decline of 11% in FY21 and stood at Rs.4,009 cr as against Rs.4,513 cr in FY20. The decline was mainly on account of dip in Q1FY21 performance due to the supply chain disruption amid the outbreak of Covid-19 and lockdown restrictions resulting in closure of borders of various states.

The revenue from both export and domestic sales de-grew by 9% and 13% respectively.

Further, in FY21, the price realization for both domestic and export sale also witnessed decline from previous levels. The operating profitability margins witnessed improvement and stood at 21.02% in FY21 (PY: 19.67%) due to lower paddy prices and reduction in mandi tax in Punjab and Haryana.

KRBL has a comfortable solvency position marked by overall gearing (including acceptances) of 0.13x as on March 31, 2021 as against 0.28x as on March 31, 2020. The company has been generating healthy cash accruals during the past thereby making it less reliant on external debt as seen in FY20 and in FY21. The working capital borrowings were low as on March 31, 2021 primarily on account sufficient working capital and cash accruals available with the company. As the paddy prices were lower by almost 10%, the inventory levels were also lower in FY21 vis-à-vis FY20. . Further, due to generation of healthy accruals, the maximum working capital utilization for the 12 months ending June 2021 stood low at 19.19% (PY: For 12 months period ended June-20- 30.70%). This exhibits gradual reduction in reliance on working capital borrowings for the day-to-day operations of the company.

Majority of the debt is in form of working capital facility owing to the high inventory holding period. As an industry phenomenon, the debt increases with the commencement of procurement of paddy in H2 every year and becomes significantly low by the end of H1 of the next financial year (resulting in near zero debt at the end of H1).

Other solvency and coverage indicators of the company also improved during FY21 such as Total Debt to PBILDT of 0.58x (PY: 0.98x) and interest coverage ratio of 35.72x (PY: 14.22x).

Q1FY22 Performance: The Total operating income of KRBL grew from Rs.773 crore in Q1FY21 to Rs.1,031 crore; registering an improvement of 33% on y-o-y basis. This was mainly due to no nation-wide lockdown and therefore, lower supply chain disruptions during second wave of covid as compared to Q1FY21.

Despite growth in sales levels, PBILDT margin has deteriorated to 20.17% as against 24.92% in Q1FY21, mainly due to higher percentage of export of non-basmati rice, where the margins are lower. Further, there has been increased freight cost due to shortage of containers.

The strong cash accruals have been utilized to deleverge the balance sheet. The total bank debt (including acceptances) outstanding as on June 30, 2021 stood Rs.16.25 crore which included term loan of Rs. 16 crore and balance working capital borrowings as against Rs.337 cr as on March 31, 2021.

Strong Liquidity

The liquidity position of the company remains strong marked by healthy accrual generation, low debt repayment and low utilization of its working capital limits. The total debt repayment for FY22 is Rs. 13.44 crore and further lower at Rs.5.97 cr for FY23. The maximum working capital utilization for the 12 months ending June 2021 stood comfortable at 19.19% (PY: For 12 months period ended June-20- 30.70%). This exhibits gradual reduction in reliance on working capital borrowings for the day-to-day operations of the company.

Further the current ratio stood at 4.67x as on March 31, 2021 as against 2.98x as on March 31, 2020. The same has further improved as on June 30, 2021 due to lower limit utilizations. The company had free cash and bank balance of Rs.159 crore as on March 31, 2021 (PY: Rs.13.45 cr as on March 31, 2020) and current investments (equity shares) of Rs. 18.89 crore as on same date (PY: Rs. 5.84 crore).

The company has not availed any moratorium for its debt obligations. Further, the healthy cash accruals of the company enable it to fund its working capital as well as any capex/ share buy-back requirement. Going forward, with lowering debt repayments due within the next two years, the cash accruals are only expected to strengthen the liquidity further. As per the guidance, this available liquidity may be utilized for some organic and/or inorganic expansion in the near-to-medium term. Despite strong liquidity position, the quantum of such capex shall remain a key rating monitorable.

Industry Outlook

Indian domestic rice market has grown at the CAGR of above 4% from in the last five years. Domestically in India's rice market non-basmati rice holds the more significant portion as compared to basmati rice as the production of basmati rice is limited to only several states but is considered in the premium segment of rice. The unorganised dominated market is now shifting towards an organised market which is growing nearly at a CAGR of 12% consumer awareness, and increasing urbanization are playing an essential role in developing the packed rice market in India. Packed rice market in India is highly dominated by basmati rice and with the new health rice segments like brown rice and organic rice whose demand have increased in recent years.

India witnessed 8% decline in exports growth in FY21 to reach USD 4019 Mn. Further, Middle East or Gulf Cooperation Council (GCC) is one of the largest basmati markets in the world. Iran and Saudi Arabia are the largest importer of basmati rice from India and contribute the highest value share in India's overall basmati rice export. (Source: Agricultural and Processed Food Products Export Development Authority (APEDA)).

In November 2018, the US government-imposed trade sanctions on Iran. However, it granted waivers to eight countries including India, allowing these to continue to import crude oil from Iran. With effect from May 2, 2019, the US government has withdrawn this waiver, leading to uncertainty over India's crude oil imports from the nation. However, there were no sanctions on essentials –food or medical items and all exports made to Iran are LC backed through UCO bank Rupee-Payment mechanism.

India and Iran had signed an agreement during the end of 2019 for oil import payments in rupee. The MoU was signed following the US letting India and seven other nations to keep buying Iranian oil despite reimposed sanctions in November 2018. According to the pact, Indian oil companies made rupee payments in UCO Bank accounts, and 50% of those funds were earmarked for making payments for exports from India to Iran. UCO Bank has been facilitating bilateral banking trade transactions with Iran under the 'Rupee Payment Mechanism' since February 2012 as mandated by the government and the RBI. Though, in Jan-21, the Indian companies have started getting payments from Iran, which had been stalled since 2019, there could be payment-related challenges and uncertainty over exports.

KRBL enters into contracts only with the Government of Iran and the entire export is LC backed. KRBL ensures that there is no risk of payment on account of such deals. However, any moderation in exports to this market can have a depressing impact on the Basmati rice prices globally. This can impact the profitability of industry participants, especially considering the firming up of prices of the Basmati paddy in the recent times, resulting in industry participants carrying high cost inventory. This would remain the key monitorable factor.

Key Rating Weakness

Ongoing legal cases

Augusta Westland: The ED has arrested the Joint Managing Director of KRBL- Mr. Anoop Gupta in connection with its money laundering probe into VVIP choppers purchase (AgustaWestland) scam case, on January 30, 2021. ED in its remand application stated that approximately Euro 70 million proceeds of crime were laundered through two channels for payment of kickbacks to various political persons, bureaucrats, Air Force officials and others to influence the contract for supply of 12 VVIP helicopters in favour of Anglo-Italian firm – AgustaWestland. Further the proceeds were also received in Rawasi Al Khaleej General Trading (RAKGT) LLC Dubai which was incorporated in 2007 by KRBL DMCC, Dubai (a 100% subsidiary of KRBL Ltd) and Mr. Anoop Gupta was also one of the directors of this company.

Embraer deal: With respect to the Embraer deal case, the ED in December 2020 had filed a charge sheet before a special Prevention of Money Laundering Act (PMLA) court and has named Embraer SA, Brazil, Interdev Aviation Services Pte Ltd, KRBL Limited, Anoop Kumar Gupta (director of KRBL Limited), Anurag Potdar (nephew of Anoop Kumar Gupta) and others. The investigation conducted so far has resulted in the issuance of provisional attachment order of proceeds of crime in the form of immovable properties worth Rs 16.29 crore belonging to KRBL Ltd. The provisional attachment order has been confirmed by the Adjudicating Authority under PMLA. However, as per the Delhi High Court order dated October 23, 2020, the company was allowed to use the above mentioned land.

Income tax demand: KRBL had received an income tax demand of Rs.1,269.20 cr (including interest liability of Rs.511.76 cr) in February 2019. The same was primarily on account of disallowance for cash purchases of paddy from farmers amounting to Rs.1,995.54 cr, pertaining to assessment years 2010-11 to 2016-17. Although, as per the appeal order received by the company dated March 11, 2020, KRBL has been granted relief of Rs. 2039.70 crores as against total addition of Rs.2220.79 crores. As a result, the Income Tax demand got reduced to only Rs.101.46 Crores (including interest of Rs.38.93 crores) as against earlier demand of Rs. 1269.20 crores (including interest of Rs. 511.76 crores). As against this, company has already deposited ~Rs. 219 crores as on March 31, 2021 and is expected to get refunds for the excess amount paid.

Working capital intensive operations

Owing to the seasonality of rice harvest (October to December), the company has to maintain suitable raw material inventory to ensure uninterrupted production throughout the year. Further, the inventory requirements are further accentuated by the need to 'age' the rice by storing it for a period of time, as the ageing improves the quality of rice and attract premium pricing. Thus, as per the inherent nature of business, the working capital requirement of the company remains high. Out of the total volume of inventory held by KRBL as on March 31, 2021, ~31% is paddy inventory and rest is rice. KRBL's average inventory holding levels has increased to 349 days in FY21 as against 312 days during FY20. As a result, the operating cycle of the company continued to remain high at 334 days in FY21 (307 days for FY20). Further, the sizeable inventory level exposes the company to inventory price risk owing to the volatility in the prices of both Basmati paddy and rice, however cushioned by the brand strength.

Volatility in raw material price

The basmati rice processing industry is an agro-based industry and its main raw material is basmati paddy. Rice is mainly a 'kharif' crop and is cultivated from June-July to September-October and the peak arrival time of crop at major trading centers begins in October. The cost and availability of basmati paddy is impacted by many factors like inadequate irrigational facilities, unfavorable climatic conditions, natural calamities, prevalence of pests, change in crop patterns and farmer's preference for other crops that yield better realization. As the paddy prices have firmed up considerably over the past two procurement seasons, there is increase in the cost of inventory. This accentuates the price risk considering the anticipated demand volatility in the export market, and its resultant impact on the domestic prices as well. However, the risk is mitigated to an extent because of the pricing premium enjoyed by its well-established brands.

Vulnerability of international trade to changes in government policies

The raw material (paddy – non basmati) prices are regulated by the government to safeguard the interest of farmers which limits the bargaining power of rice mills over the farmers. Given the fact that prices for finished products is market determined while the cost of raw material is fixed by GoI through the MSP mechanism, the profitability margins remain vulnerable, especially in times of high paddy cultivation. However KRBL primarily deals in Basmati rice and as such is there is no significant impact of the same on the company, the basmati paddy prices are market driven.

Also, the company remains susceptible to changes in import policies of various countries. For example, various markets such as European Union and Saudi Arabia have implemented strict limits as Maximum residue level (MRL) on the usage of certain fungicide (Tricyclazole) by farmers. Though these norms are not India specific, it might have an adverse impact on the exports for domestic players.

Also the recent removal of the waiver of trade sanctions on Iran by the US government has impacted the export of basmati rice to the former. As Iran is a leading importer of basmati rice from India, this can further depress basmati rice prices, exerting pressure on the profitability of industry participants. However, given that KRBL has a customer base spread across various countries, the risk arising from changes in regulations is diversified to a great extent.

Foreign exchange risk

KRBL earned around 49% (PY: 47%) of its income through exports sales during FY21 and therefore is exposed to foreign exchange fluctuation risk. However, the company has robust foreign exchange risk policies in place and majority of the forex exposure is hedged through forward contracts. The company reported foreign exchange gain of Rs. 1.65 cr in FY21 (PY: Rs.8.40 crore in FY20).

Fragmented nature of industry

The commodity nature of the product makes the industry highly fragmented, with numerous players operating in the unorganized sector with very less product differentiation. There are several small scale operators which are not into end-to-end processing of rice from paddy, instead they merely complete a small fraction of processing and dispose-off semi-processed rice to other big rice millers for further processing. Furthermore, the concentration of rice millers around the paddy growing regions makes the business intensely competitive and limits the pricing flexibility of the industry participants. However, KRBL benefits to an extent on account of its strong brand presence.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook and Credit Watch to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Financial ratios - Non-Financial Sector
Liquidity Analysis of Non-Financial Sector Entities
Rating Methodology-Manufacturing Companies

About the Company

KRBL Limited (KRBL) was incorporated in 1993 by Mr. Anil K. Mittal, Mr. Anoop K. Gupta and Mr. Arun K. Gupta. The promoters have been involved into this business since 1889 under the name of Khushi Ram & Behari Lal.
KRBL is one of the largest fully integrated domestic rice players with an installed manufacturing capacity of 195 Metric Tonnes per hour (TPH). The company is engaged in the production and marketing of Basmati rice and is also engaged in seed development and multiplication and contact farming. Being an integrated player, it also generates value-added by-products like brain oil, de-oiled cakes and uses rice husks for captive power plant. The company also derives around 2.33% of its revenue through electricity generation. It has 144.84 MW of renewable power generation capacity through wind turbine (114.35 MW), biomass power plant (17.59 MW) & solar power plant (15 MW). One-third of the power generated is used towards captive consumption whereas the remaining is sold. However, KRBL is now evaluating to demerge this segment into a new company.

Covenants of rated instrument / facility: *Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3*

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)
Total operating income	4513	4009
PBILDT	888	843
PAT	559	560
Overall gearing (times)	0.28	0.13
Interest coverage (times)	14.22	35.72

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Complexity level of various instruments rated for this company: Annexure-4

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
Commercial Paper-Commercial Paper (Carved out)	-	-	-	500.00	CARE A1+

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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Commercial Paper-Commercial Paper (Carved out)	ST	500.00	CARE A1+	-	1)CARE A1+ (CWN) (02-Feb-21) 2)CARE A1+ (03-Dec-20) 3)CARE A1+ (CWN) (07-Sep-20)	1)CARE A1+ (CWN) (22-Nov-19) 2)CARE A1+ (CWN) (06-Sep-19) 3)CARE A1+ (CWN) (15-Jul-19)	1)CARE A1+ (27-Sep-18)

Annexure 4: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Commercial Paper-Commercial Paper (Carved out)	Simple

Annexure 5: Bank Lender Details: **NA**

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.*

Contact us

Media Contact
Name: Mradul Mishra
Contact no: +91-22-6837 4424
Email ID: mradul.mishra@careratings.com

Analyst Contact 1
Name: Jasmeen Kaur
Contact no: +91-11-4533 3200
Email ID: jasmeen.kaur@careratings.com

Analyst Contact 2
Name: Ravleen Sethi
Contact no: +91-11-4533 3251
Email ID: ravleen.sethi@careratings.com

Business Development Contact
Name: Swati Agrawal
Contact no: +91-11-4533 3200
Email ID: swati.agrawal@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.

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