

## Press Release

### PAN INDIA UTILITIES DISTRIBUTION COMPANY LIMITED

January 30, 2019

#### Rating Update



<b>Total Bank Facilities Rated*</b>	Rs.335.00 Cr.
<b>Long Term Rating</b>	ACUITE BBB (Under rating watch with negative implications)

\* Refer Annexure for details

#### Rating Rationale

Acuité had placed the long rating of '**ACUITE BBB**' (read as **ACUITE triple B**) on Rs.960.00 Cr. bank facilities of Pan India Utilities Distribution Company Limited (PIUDCL) on '**Rating watch with developing implications**' vide its press release dated November 23, 2018. The watch has been further extended and the rating is now placed on '**Rating watch with negative implications**'.

Acuité had placed PIUDCL's rating on watch following an announcement by the promoters of Essel group stating their intentions to dilute 50 percent of the total promoter holding in Zee Entertainment Enterprises Limited (ZEEL). However, adequate clarity and timelines for the transaction is yet to emerge.

The financial flexibility of the promoters of Essel Group emanates from their holdings in their listed companies, mainly ZEEL. ZEEL, a media and entertainment company, is the flagship company with the largest market cap among the all listed companies of the group. Besides the debts in the operating companies, the promoters had also raised loans on the basis of pledge of shares of these companies. As of December 31, 2018, the promoters held 41.62 percent in ZEEL of which 59.37 percent was encumbered. Consequent to a sharp decline in the prices of the Essel Group companies on Jan 25, 2019, the company's key promoter Mr. Subhash Chandra Goyal has made a clarification, stating the group's intention to settle the debts to its various creditors/ lenders and seeking the support & cooperation of the lenders in this regard. Acuité believes that these developments are indicative of a possible impairment in the financial flexibility of the promoter and the Essel Group. These events are likely to impede the group's ability to refinance existing debt or raise additional debt from the banking system or the debt markets.

Acuité currently is in discussions with the management of Essel group to understand the impact of these developments on their liquidity and debt servicing ability and consequently on PIUDCL's business and financial risk profile.

#### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the PIUDCL and subsequently factored in support from the Essel Group to arrive at this rating.

#### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	285.01	91.60	126.16
EBITDA	Rs. Cr.	41.56	34.34	26.70
PAT	Rs. Cr.	1.61	1.47	1.39
EBITDA Margin	(%)	14.58	37.49	21.16
PAT Margin	(%)	0.56	1.61	1.10
ROCE	(%)	8.17	8.22	10.73
Total Debt/Tangible Net Worth	Times	6.52	5.65	3.89
PBDIT/Interest	Times	1.07	1.09	1.06
Total Debt/PBDIT	Times	11.27	11.70	7.50
Gross Current Assets (Days)	Days	445	1576	837

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Infrastructure Entities- <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Criteria For Group And Parent Support - <https://www.acuite.in/view-rating-criteria-24.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
23- Nov-18	Term loans	Long Term	215.00	ACUITE BBB (Under rating watch with developing implications)
	Term loans	Long Term	120.00	ACUITE BBB (Under rating watch with developing implications)
30-Dec-17	Term loans	Long Term	215.00	ACUITE BBB/Stable (Reaffirmed)
	Term loans	Long Term	120.00	ACUITE BBB/Stable (Assigned)
06-Apr-17	Term loans	Long Term	215.00	ACUITE BBB/Stable (Assigned)

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	215.00	ACUITE BBB (Under rating watch with negative implications)
Term loans	Not Applicable	Not Applicable	Not Applicable	120.00	ACUITE BBB (Under rating watch with negative implications)

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### About Acuite Ratings & Research:

Acuite Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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