

Press Release

Taquito Lease Operators Private Limited

August 25, 2020

Rating Update



Total Bank Facilities Rated*	Rs. 255.00 Cr. #
Long Term Rating	ACUITE B+ (Downgraded from ACUITE BBB+ (CE)) Issuer not co-operating*

Refer Annexure for details

* The issuer did not co-operate; Based on best available information.

Acuité has reviewed and downgraded the long-term rating to '**ACUITE B+ (read as ACUITE B plus)**' from '**ACUITE BBB+ (CE) (read as ACUITE triple B plus (Credit Enhancement))**' on the Rs. 255.00 crore Non-Convertible Debentures of Taquito Lease Operators Private Limited (TLOPL). The rating downgrade is on account of information risk. This rating is now an indicative rating and is based on the best available information.

Reason for downgrade and Indicative

Acuité has downgraded the rating of TLOPL to ACUITE B+ from ACUITE BBB+ (CE) on account of change in analytical approach and severe liquidity challenges faced by Future Retail Limited (ACUITE C / A4) and Future Enterprises Limited (ACUITE C / A4 / FC). Previously, Acuité had considered standalone financials of TLOPL and subsequently notched up the rating based on Letter of Comfort from Future Group (FERG). However, currently, Acuité has only considered a standalone rating and has not factored on the parent notch. This is on account of severe liquidity pressure resulting in multiple credit events for FERG (ACUITE C / A4). Acuité believes in case of limited liquidity available with FERG, the group will accord higher priority to its on balance sheet debt. Hence, Acuité has not factored in Credit Enhancement by way of Letter of Comfort while arriving at the current rating. Further, this rating is now an indicative rating and is based on the best available information.

Incorporated in 2012, TLOPL has leased out certain fixed assets required for retail operations of FERG. It derives its revenues mainly from lease rentals from the Future Group.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities in Infrastructure Sector - <https://www.acuite.in/view-rating-criteria-51.htm>

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

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

Not Applicable

Any other information

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
22-May-20	Non-convertible debentures	Long term	255.00	ACUITE BBB+ (CE) (Downgraded; Watch with Negative Implications)
08-April-20	Non-convertible debentures	Long term	255.00	ACUITE A- (CE) (Downgraded; Watch with Negative Implications)
	Non-convertible debentures (Proposed)	Long term	45.00	ACUITE A- (CE) (Downgraded & Withdrawn)
23-May-19	Non-convertible debentures	Long term	255.00	ACUITE AA- (CE) / Stable (Reaffirmed)
	Non-convertible debentures (Proposed)	Long term	45.00	ACUITE AA- (CE) / Stable (Reaffirmed)
17-May-18	Non-convertible debentures	Long term	255.00	ACUITE AA- (CE) / Stable (Assigned)
	Non-convertible debentures (Proposed)	Long term	45.00	ACUITE AA- (CE) / Stable (Assigned)
16-Sept-2017	Non-convertible debentures (Proposed)	Long term	300.00	Provisional ACUITE AA- (CE) / Stable (Assigned)

#Annexure – Details of instruments rated

ISIN	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
INE496Z07016	Non-convertible debentures	04/05/2018	9.5%	03/05/2024	255.00	ACUITE B+ (Downgraded; Indicative)

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About Acuite Ratings & Research:

Acuite Ratings & Research 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.

Disclaimer: *An Acuite rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuite ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuite ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuite.*