



**Press Release**

**World Crest Advisors LLP**

January 30, 2019

**Rating Update**

<b>Total Bank Facilities Rated*</b>	Rs.446.00 Cr.
<b>Short Term Rating</b>	ACUITE A3 (Under rating watch with negative implications)

\* Refer Annexure for details

**Rating Rationale**

Acuité has placed the short rating of '**ACUITE A3**' (read as **ACUITE A three**) on Rs.446.00 crore bank facilities of WORLD CREST ADVISORS LLP (WCAL) on '**Rating watch with negative implications**'.

Acuité has placed WCAL'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 WCAL's business and financial risk profile.

World Crest Advisors LLP (WCAL) established in 2016 is a part of Essel Group, the leading industrial group with significant presence in media, entertainment, technology, infrastructure, packaging, financial services and education among others. Mr. Subhash Chandra is the promoter of the Group. WCAL is engaged in carrying out Investment in listed and unlisted equities, bonds also providing financial and management consultancy services.

**Analytical Approach**

Acuité has considered the standalone business and financial risk profiles of the WCAL 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.	NA	NA	NA
EBITDA	Rs. Cr.	NA	NA	NA
PAT	Rs. Cr.	NA	NA	NA
EBITDA Margin	(%)	NA	NA	NA
PAT Margin	(%)	NA	NA	NA
ROCE	(%)	NA	NA	NA
Total Debt/Tangible Net Worth	Times	NA	NA	NA

PBDIT/Interest	Times	NA	NA	NA
Total Debt/PBDIT	Times	NA	NA	NA
Gross Current Assets (Days)	Days	NA	NA	NA

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

None

**Any other information**

None

**Applicable Criteria**

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Service Entities- <https://www.acuite.in/view-rating-criteria-8.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
31-Jul-18	Bank guarantee	Short Term	446.00	ACUITE A3 (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
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	446.00	ACUITE A3 (Under rating watch with negative implications)

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**About Acuite Ratings & Research:**

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