

Press Release

Balaji Cars Private Limited

May 05, 2023



Rating Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	160.00	Provisional ACUITE C Reaffirmed Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	160.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of '**ACUITE Provisional C**' (read as **Acuite Provisional C**) on the Rs.160 crore of Proposed Non-Convertible Debentures of the Balaji Cars Private Limited(BCPL). The rating is now an indicative rating and is based on best available information.

The rating on the proposed Rs. 160.00 Cr NCDs is provisional and the final rating is subject to the following documentation requirements:

1. Receipt of the executed trust deed.
2. Receipt of the final term sheet and confirmation from the trustee regarding compliance with all the terms and conditions.

About the Company

BCPL is a Mumbai based company incorporated in the year 2002. The company until 2015-16 was an authorized automobile dealer of Tata Motors. BCPL is promoted by Mr. Shysunder Bhagwanram Jangid. In FY2022, BCPL entered into a development management agreement with Ashar Group to construct a mixed-use real estate project at Thane, near Ghodbunder road. The project construction is expected to commence in June 2022 with total estimated project cost of Rs. 682 Cr. Further, the project has a total saleable area of 4.49 lakh sq. ft, of which 3.94 lakh is allocated for residential, 0.40 lakh towards commercial and the rest for retail.

Non-cooperation by the issuer/borrower

Acuite 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. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with 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 Acuite's policies.

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). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions

lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon.

Material Covenants

None

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon.

Outlook:

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(1.31)	(1.57)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	(2.46)	(2.60)
PBDIT/Interest	Times	(145.10)	0.00

Status of non-cooperation with previous CRA

Not Applicable

Any other information

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

Supplementary disclosures for Provisional Ratings

A. Risks associated with the provisional nature of the credit rating:

1. Lack of third party monitoring of compliance in absence of executed trust deed and no finalized terms in absence of final term sheet
2. In case there are material changes in the terms of the transaction after the initial assignment of the provisional rating and post the completion of the issuance (corresponding to the part that has been issued) Acuite will withdraw the existing provisional rating and concurrently, assign a fresh final rating in the same press release, basis the revised terms of the transaction.

B. Rating that would have been assigned in absence of the pending steps/documentation:

The rating would be equated to the standalone rating of the entity: ACUITE C

C. Timeline for conversion to Final Rating for a debt instrument proposed to be issued:

The provisional rating shall be converted into a final rating within 90 days from the date of issuance of the proposed debt instrument. Under no circumstance shall the provisional rating continue upon the expiry of 180 days from the date of issuance of the proposed debt instrument.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria->

[53.htm](#)

- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 May 2022	Proposed Non Convertible Debentures	Long Term	160.00	ACUITE Provisional C (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Non Convertible Debentures	Not Applicable	Not Applicable	Not Applicable	Simple	160.00	Provisional ACUTE C Reaffirmed Issuer not co- operating*

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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