



The Baroda *Rayon* Corporation Ltd.

CIN L45100GJ1958PLC000892

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March 29, 2025

To
Department of Corporate Services,
BSE Limited
P J Towers,
Dalal Street,
Mumbai - 400001

Sub: Intimation of withdrawal of CRISIL Rating at the Company's request
Ref – BSE Scrip Code - 500270

Dear Sir/Madam,

We would like to inform that the Company had shifted its rating agency from CRISIL Ratings Limited to Infomerics Valuation and Rating Ltd. (Formerly known as Infomerics Valuation and Rating Pvt. Ltd.).

Accordingly at the Company's request and on submission of No Objection Certificates from the Bankers, CRISIL Ratings Limited has reaffirmed and withdrawn its rating assigned to the Long term Bank Loan facility of the company on March 28, 2025.

The rating assigned and reaffirmed by CRISIL Ratings Limited for the Long term Bank Loan facility of the company was previously intimated to the stock exchange vide company letter dated September 04, 2023 and November 22, 2024 respectively.

We are enclosing herewith Rationale for reaffirmation and withdrawal of Credit Rating issued by CRISIL Ratings Limited.

Kindly take the same on your records.

Thanking You.

Yours faithfully,

For The Baroda Rayon Corporation Limited

Kunjal Desai
Company Secretary

Encl: As above

Rating Rationale

March 28, 2025 | Mumbai

The Baroda Rayon Corporation Limited

Rating Reaffirmed and Withdrawn

Rating Action

Total Bank Loan Facilities Rated	Rs.75 Crore
Long Term Rating	Crisil B-/Stable (Rating Reaffirmed and Withdrawn)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its rating on the long-term bank facilities of The Baroda Rayon Corporation Limited (TBRCL) and subsequently **withdrawn** the rating at the request of the company and on receipt of 'no-objection certificate' from its lenders. This is in line with the Crisil Ratings policy on withdrawal of bank loan ratings.

The rating reflects TBRCL's exposure to risks related to the construction of its industrial project and susceptibility to cyclicalities in the real estate sector and uncertainty about settlement of unsecured loans and pending employees' dues. These weaknesses are partially offset by the longstanding presence of the promoters and funding support from sale of scrap of plant and machinery, revenue diversification due to real estate business and moderate financial risk profile.

Analytical Approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of The Baroda Rayon Corporation Ltd (TBRCL)

Key Rating Drivers & Detailed Description

Weaknesses:

- **Exposure to risks related to the construction of industrial project:** The entire operational activities of the textile segment came to a standstill in August 2008. In the interest of revival of the company, continuous efforts were made by the management to settle the dues of banks and financial institutions.

In fiscals 2022 and 2023, the company converted capital asset i.e. land to stock in trade, which was valued around Rs 604 core. Under Phase 1, the company has started constructing 380 industrial houses out of the total of 1030 units and has also already sold more than 350 open plots out of the total 503 under Phase-4. The company's, operating performance will also remain susceptible to the timely completion of the projects and flow of customer advances. Funding risk for the same is low as 90% of the loans have been disbursed by banks for the aforementioned project as of February 2025. Also, TBRCL will be exposed to intense competition from other players in the segment. The timely completion and successful stabilization of operations at the new unit will remain a key rating sensitivity factor.

For Phase-1 Part A, almost 81% of construction has been completed while booking for around 38% of units has been received by February 2025. While for Phase-4, construction is fully complete and booking for around 79% of units is received.

Also, the management is planning to relocate and commence manufacturing of viscose filament yarn from a green field set-up with 15000 million tonne per annum (mtpa) capacity in Dahej in Bharuch district of Gujarat.

- **Exposure to cyclicalities inherent in the Indian real estate industry:** Cyclicalities in the domestic real estate sector leads to fluctuations in cash inflow because of volatility in saleability and realisations, while outflow such as construction cost and debt obligation remain fixed. Lower-than-expected demand could result in reduced collection and adversely impact cash flow.
- **Uncertainty regarding settlement of unsecured loans and dues of employees and statutory authorities:** Company has taken unsecured loans from various investors of Rs 157.29 crore as on March 31, 2024 on which interest is neither being paid nor any provision for the same is made in the books. Apart from these, company must pay dues of employees and statutory dues to government authorities of Rs. 22.70 crore and Rs. 14.62 crore, respectively. The timely settlement of all dues will remain monitorable.

Strength:

- **Longstanding presence of the promoters and funding support from them:** The long and diversified entrepreneurial experience of the promoters across businesses has helped them develop healthy business relationships in the region. This is expected to support the company in quickly ramping up operations going forward.

Liquidity: Poor

Liquidity will remain weak over the medium term for funding the construction of ongoing and upcoming projects.

The company is likely to fund the construction of ongoing and upcoming projects, through a mix of customer advances, unsecured loans and bank loans. Customer advances for ongoing projects have been modest. Although cash flows from real estate projects should suffice to cover the term debt obligation, any unforeseen delay in construction might result in cost overruns, thereby affecting term debt repayment. Any delay in receipt of advances from customers could also exert

significant pressure on liquidity. Current ratio was healthy at 4.95 times on March 31, 2024 and expected to remain on similar levels in fiscal 2025.

Outlook: Stable

Crisil Ratings believes TBRCL will continue to benefit from the extensive experience of its promoters, and established relationships with clients.

Rating sensitivity factors

Upward factors

- Increase in bookings to over 60% of units under the project, with healthy customer advances above Rs 120 crore on a cumulative basis.
- Improvement in cash buffer ratio to more than 1.50 times.

Downward factors

- Decline in cash buffer ratio to less than 1.0 time
- Considerable delay in the commencement of operations,
- Generates significantly low cash accruals below Rs 10 crore due to lower-than-expected bookings during its initial operations of Phase-1.

About the Company

Incorporated in 1958, TBRCL started its commercial production of viscose filament yarn i.e., rayon yarn in 1962. However, the entire operational activities of the textile segment came to a standstill in August 2008, also the listing of the company's equity shares on the Bombay Stock Exchange (BSE) Ltd were suspended from 2002.

Subsequently, the suspension has been revoked from BSE Ltd w.e.f. May 30, 2022. Now, the management of the company has planned to develop industrial units on its existing land at Udhna in Surat and will construct 121 industrial units in Phase -1, out of a total of 380 units. Also, the management is planning to relocate and commence manufacturing of viscose filament yarn from a green field set-up with 15000 mtpa capacity as well as a captive power plant of 12 megawatt (MW) in Dahej in Bharuch district of Gujarat.

Mr Damodarbhai Patel is the current chairman and managing director.

Key Financial Indicators

As on / for the period ended March 31		2024	2023
Operating income	Rs crore	76.83	83.62
Reported profit after tax (PAT)	Rs crore	34.22	272.74
PAT margin	%	44.54	326.17
Adjusted debt/Adjusted networkth	Times	0.64	0.82
Interest coverage	Times	3.47	39.15

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Term Loan	NA	NA	31-Mar-28	45.00	NA	Crisil B-/Stable (Rating Reaffirmed and Withdrawn)
NA	Term Loan	NA	NA	31-Mar-28	10.00	NA	Crisil B-/Stable (Rating Reaffirmed and Withdrawn)
NA	Term Loan	NA	NA	31-Mar-28	20.00	NA	Crisil B-/Stable (Rating Reaffirmed and Withdrawn)

Annexure - Rating History for last 3 Years

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	75.0	Crisil B-/Stable (Rating Reaffirmed and Withdrawn)		--	23-12-24	Crisil B-/Stable	31-08-23	Crisil B-/Stable		--	--
			--		--	15-11-24	Crisil B-/Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Term Loan	45	The Mehsana Urban Co-Op. Bank Limited	Crisil B-/Stable (Rating Reaffirmed and Withdrawn)
Term Loan	10	Surat National Co-op. Bank Limited	Crisil B-/Stable (Rating Reaffirmed and Withdrawn)
Term Loan	20	The Sutex Co-Op. Bank Limited	Crisil B-/Stable (Rating Reaffirmed and Withdrawn)

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for Real estate developers, LRD and CMBS (including approach for financial ratios)

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