E:KRBL/BIBHU/STK_EX_1920/25
July 16, 2019

KRBL Limited

	The General Manager **Department of Corporate Services** **BSE Limited** **Floor 25, Phiroze Jeejeebhoy Towers** **Dalal Street** **Mumbai – 400 001** Scrip Code: **530813**	✓	**National Stock Exchange of India Limited** **"Exchange Plaza", C-1, Block-G** **Bandra-Kurla Complex** **Bandra (E)** **Mumbai-400051** **Symbol: KRBL** **Series: Eq.**

Dear Sir/Madam,

Sub: Disclosure for revision in Commercial Paper rating pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please note that CARE Ratings Limited ("CARE") has revised the rating for Commercial Paper limits of the Company as follows:

Type of Rating	Amount (Rupees in Crores)	Existing Rating	Revised Rating
Commercial Paper	700.00	CARE A1+	CARE A1+ (Under credit watch with negative implications)

CARE has revised the rating due to the provisional attachment of properties by the Directorate of Enforcement at Dhuri, Tehsil Sangrur District of Punjab, valuing about Rs. 15 crores, on July 04, 2019 in connection with the Embraer deal case.

KRBL remains committed to maintain highest standards of probity and professional excellence and assures its investors/shareholders, the total and unflinching commitment.

We also enclose a copy of the rating letter received from CARE for your information.

Further, the above said disclosure is also available on the Company's website at www.krblrice.com under the link Investor Relations.

This is for your information and record.

Thanking you,

Yours faithfully,
For KRBL Limited

Raman Sapra
Company Secretary

Encl: As Above

CARE Ratings
Professional Risk Opinion

CARE/DRO/RL/2019-20/1623

Mr. Rakesh Mehrotra
Chief Financial Officer,
KRBL Limited
C-32, 5th Floor, Sector -62
Noida,
Gautam Budh Nagar - 201301

July 15, 2019

Confidential

Dear Sir,

Credit rating for Commercial Paper (CP) issue aggregating Rs. 700 crore[1]

On the basis of recent developments including 'Attachment of assets worth Rs. 15.32 crore by the Enforcement Directorate under Prevention of Money Laundering Act, 2002 in connection with the Embraer deal case' and the possible impact of the same on the credit profile of your company, our Rating Committee has reviewed the following ratings:

2. The following rating(s) have been reviewed:

Instrument	Amount (Rs. crore)	Rating[2]	Rating Action
Commercial Paper (CP) issue*	700.00 (Rupees Seven hundred crore only)	CARE A1+ (A One Plus; Under credit watch with negative implications)	Placed on credit watch with negative implications

**carved out of the sanctioned working capital limits of the company.*

3. Please arrange to get the rating revalidated in case the issue is not made within **two months** from the date of this letter i.e. by September 14, 2019. Once the CP is placed, the rating is valid for the tenure of such instrument till redemption.
4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors

5. CARE will take a view on the ratings once the exact implications of the above on the credit risk profile of the company are clear.

[1] *This represents the aggregate of all CP issuances by the company outstanding at any point in time.*
[2] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

6. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by July 15, 2019 we will proceed on the basis that you have no any comments to offer.
7. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
8. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
9. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
10. CARE ratings are **not** recommendations to buy, sell, or hold any securities.
11. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

[Harneet Chaudhary]
Deputy Manager
harneet.chaudhary@careratings.com

[Gaurav Dixit]
Deputy General Manager
gaurav.dixit@careratings.com

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Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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Annexure II

KRBL Limited

Ratings

Facilities	Amount (Rs. crore)	Rating[3]	Rating Action
Commercial Paper*	700.00	**CARE A1+ (A One Plus; Under credit watch with negative implications)**	Placed on credit watch with negative implications
Total	**700.00 (Rupees Seven hundred crore only)**		

**carved out of the sanctioned working capital limits of the company*
Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings of KRBL Limited (KRBL) have been placed on credit watch with negative implications on account of the recent attachment of the portion of land and rice mill factory, located at Tehsil Dhuri, District Sangrur, Punjab, belonging to the company by the Enforcement Directorate (ED) under Prevention of Money Laundering Act, 2002 (PMLA) in connection with the 'Embraer Deal' case. CARE will continue to monitor the developments in this regard and will take a view on the ratings once the exact implications of the above on the credit risk profile of the company are clear.

Further, the outcome of the recent income tax demand order of Rs. 1269.20 crore on account of disallowance of cash purchases of paddy from farmers would remain a key monitorable.

Detailed Description of the Key Rating Driver

As per recent media reports, the ED attached assets worth Rs. 15.32 crore of KRBL in relation to the $208 million aircraft deal signed between Defence Research and Development Organisation (DRDO) and Embraer in 2008 as there are allegations that payoffs were received by Indian agents for pushing the deal with the Government of India.

The payoffs of Rs. 15.32 crore were received in M/s KRBL DMCC, Dubai (100% subsidiary of KRBL Ltd) and further rerouted to KRBL Ltd in the form of a dividend from subsidiary company.

The management has communicated that there is 'provisional attachment' on the assets and the same has no material impact on working of the plant. However, CARE is awaiting more clarity with regard to aforesaid issue and may take a view on the rating of KRBL once further clarity emerges on the same.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
Criteria for placing rating on credit watch
Rating Methodology-Manufacturing Companies
CARE's Policy on Default Recognition
Criteria for Short-term Instruments
CARE's methodology for financial ratios (Non-Financial Sector)

About the Company

KRBL Limited (KRBL) was incorporated in 1993 by Mr. Anil K. Mittal, Mr. Anoop K. Gupta and Mr. Arun K. Gupta. The promoters have been involved into this business since 1889 under the name of Khushi Ram & Behari Lal.

KRBL is one of the largest fully integrated domestic rice players with an installed manufacturing capacity of 195 Metric Tonnes per hour. The company is engaged in the production and marketing of Basmati rice and is also engaged in

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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seed development and multiplication and contact farming. Being an integrated player, it also generates value-added by-products like brain oil, de-oiled cakes and uses rice husks for captive power plant.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	3246.75	4119.57
PBILDT	779.51	865.18
PAT	461.80	503.27
Overall gearing (times)	0.55	0.53
Interest coverage (times)	11.26	12.81

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Commercial Paper	-	-	-	700.00	CARE A1+ (Under Credit watch with Negative Implications)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Commercial Paper	ST	700.00	CARE A1+ (Under Credit watch with Negative Implications)	-	1)CARE A1+ (27-Sep-18)	1)CARE A1+ (26-Dec-17) 2)CARE A1+ (05-Dec-17) 3)CARE A1+ (27-Sep-17)	-

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

Contact us

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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