



## Press Release

### The Baroda Rayon Corporation Limited

February 25, 2025

#### Ratings

Security / Facility	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	75.00	IVR BB-; Stable (IVR Double B Minus with Stable outlook)	-	Assigned	Simple
<b>Total</b>	<b>75.00</b> <b>(Rupees Seventy-five crore only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

The rating assigned to the bank facilities of The Baroda Rayon Corporation Limited (TBRCL) derives comfort from its experienced promoters and in place necessary approvals for all ongoing projects. The rating also takes into consideration satisfactory progress and favourable location of ongoing projects. However, these rating strengths are partially offset by the company's exposure to geographical concentration risk, exposure to risks relating to cyclical in real estate industry and uncertainty related to settlement of unsecured loans and dues towards employees and statutory authorities.

The stable outlook reflects that the company is expected to maintain a stable business performance backed by extensive support from the promoters with achievement of expected sales.

#### Key Rating Sensitivities:

##### Upward Factors

- Timely completion of project without any time or cost overrun.
- Increase in bookings for the launched projects with timely receipt of customer advances.

##### Downward Factors

- Lower-than-expected collections leading to cash flow mismatch.
- Any delay in project completion leading to time or cost overrun.

#### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths



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### **Experienced promoters**

Mr. Damodarbai Patel, current chairman and the managing director of the company has over 35 years of experience in the real estate industry. He is ably assisted by Mr. Viral Bhavani and Mrs. Vidhya Bhavani, both have experience of more than a decade in real estate business. The promoters of the company have wide experience in real estate in Surat Region, which will help the company to ramp up operations quickly.

### **Necessary approvals for all ongoing projects in place**

TBRCL started developing land at Udhna in Surat City under Surat Textile Bourse Phase-I (Part-A) and started selling Industrial houses plots under Shree Laxminarayan Industrial Park-Z Row in a phased manner. The company have received necessary approvals for all of its ongoing projects, mitigating the regulatory risks to a large extent.

### **Satisfactory progress in ongoing project**

The total estimated cost of the ongoing project, Surat Textile Bourse Phase-I (Part-A), is Rs.344.83 crore which is to be funded through promoter's contribution/ internal accruals of Rs.219.83 crore, debt of Rs.75.00 crore (financial closure achieved) and the balance through customer advances. As on January 11, 2025, the company has already incurred Rs.191.39 crore (~55.5% of total project cost) towards the project, which was funded through a mix of promoter's contribution of Rs.89.39 crore, debt of Rs.75.00 crore and customer advances of Rs.27.00 crore. As per the letter from architect and the management, as on January 11, 2025, 121 units out of 218 units have been completed. TBRCL has already sold 13 units out of the constructed 121 units. However, the construction progress and level of response received for the textile land development would remain a key rating monitorable, going forward.

### **Favourable location of the project**

The ongoing project, "Surat Textile Bourse Phase-I (Part A)" is located in prime location in Surat city. The project is equipped with amenities like Designer entry gate with security cabin, Landscaping in open space, Storm water system, Fire station, RCC road etc. The location is easily approachable from prominent textile markets in the vicinity like Ring Road and Saroli. The property is conveniently located nearby to amenities such as residential area and many dying and processing houses nearby.

### **Key Rating Weaknesses**

**Exposure to geographical concentration risk**



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Since all the company's projects are being executed in Surat, it is exposed to geographical concentration risk. Fortunes of the projects therefore will depend on the overall market sentiment in the region.

### **Exposure to risks relating to cyclical in real estate industry**

Cyclical in the real estate segment could lead to fluctuations in cash inflow because of volatility in realization and saleability. This may affect the debt servicing ability of the company. TBRCL will remain susceptible to the inherent cyclical in the real estate sector. Moreover, since the project is targeting Textile sector, the industry outlook for the textile sector is also a key rating monitorable.

### **Uncertainty related to settlement of unsecured loans and dues towards employees and statutory authorities**

The company has taken unsecured loans (outstanding at Rs.157.29 crore as on March 31, 2024) from various investors and does not pay any interest on these loans. Also, no provision has been made towards these loans on the books. In addition, the company has to pay dues towards its employees (Rs.22.70 crore) and statutory dues to government authorities (Rs.14.62 crore). Timely settlement of dues is a key monitorable.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Rating Methodology for Real Estate Entities](#)

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Criteria on complexity](#)

### **Liquidity – Adequate**

The company's reliance on debt on this project is ~21% of the total estimated cost, the balance being funded through promoters' contribution including unsecured loans and customer advances. The scheduled repayments will start in April 2025. Considering the modest advances for the ongoing projects and any delay in the construction leading to cost overruns can affect the term debt repayment putting pressure on liquidity. Current ratio stood healthy at 4.95 times as on March 31, 2024.



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### About the Company

The Baroda Rayon Corporation Limited (TBRCL) was incorporated in 1958 by Gaekwad Chinai and started manufacturing of viscose filament yarn i.e., rayon yarn from 1962. However, the company became non-operational since August 2008. Mr. Damodarbai B. Patel has taken over the company with the intention to monetize the land bank of the company through Real Estate projects. Thereafter, Mr. Damodarbai Patel and Group purchased shares of The Baroda Rayon Corporation Limited in the year 2022-23. The management plans to develop industrial units on its existing land at Udhna in Surat and has constructed 121 units in the first phase, out of 218 units. Mr Damodar Patel is the current chairman & managing director of the company. TBRCL is listed in Bombay Stock Exchange (BSE).

### **Financials (Standalone):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	58.44	76.83
EBITDA	237.56	9.30
PAT	272.75	34.22
Total Debt	245.09	211.40
Tangible Net Worth	297.74	331.96
EBITDA Margin (%)	406.50	12.10
PAT Margin (%)	326.17	39.90
Overall Gearing Ratio (x)	0.82	0.64
Interest Coverage (x)	35.40	3.45

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**

### **Rating History for last three years:**

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Term Loan	Long Term	75.00	IVR BB-; Stable	-	-	-



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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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### Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	-	75.00	IVR BB-; Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-TBRCL-feb25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/Combined analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).