

BENGAL & ASSAM COMPANY LIMITED

Secretarial Deptt.: Gulab Bhawan, 3rd Floor, 6A, Bahadur Shah Zafar Marg, New Delhi – 110 002
Telephone: 011- 68201888, 68201899, Fax: 011-23739475

Through BSE Listing Centre

BACL/SECTL/SE/2021
19th June 2021

BSE Limited
25th Floor, P.J. Towers,
Dalal Street
Mumbai – 400 001

Scrip Code – 533095

Dear Sir/Madam,

Re: Revision in Rating(s) of the Company: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the provisions of aforesaid Regulation, we have to inform you that Care Ratings Limited (“the Agency”), has revised the ratings of the Company from CARE A+ Stable to **CARE AA- (Is); Stable**. Copy of letter dated 18th June, 2021 received from the Agency is enclosed.

Thanking you and assuring you of our best attention at all times

Yours faithfully,
For Bengal & Assam Company Limited

(Dillip Kumar Swain)
Company Secretary & Compliance Officer

Encl.: a.a.

No. CARE/DRO/RL/2021-22/1453

Shri Harish Wadhawan
General Manager
Bengal and Assam Company Limited
Patriot House,
Bahadur Shah Zafar Marg,
New Delhi
Delhi 110002

June 18, 2021

Confidential

Dear Sir,

Issuer Rating

Please refer to your request for assigning an Issuer rating to your Company

2. The following rating has been assigned by our Rating Committee:

Type of Rating	Rating ¹	Rating Action
Issuer rating	CARE AA- (Is); Stable [Double A Minus (Issuer Rating); Outlook: Stable]	Assigned

3. The rating is only an opinion on the general creditworthiness of the Company and not specific to any particular debt instrument.
4. The rating is subject to the total debt not exceeding Rs. 500 crore.
5. The above rating is normally valid for a period of one year from the date of our initial communication of rating to you (that is June 15, 2021).

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CARE Ratings Ltd.

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya
Hospital Road, Off Eastern Express Highway, Sion (E),
Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457
Email: care@careratings.com • www.careratings.com

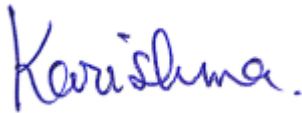
13th Floor, E-1 Block, Videocon Tower
Jhandewalan Extension, New Delhi - 110 055.
Tel: +91-11-4533 3200 • Fax: +91-11-4533 3238

6. The rationale for the rating will be communicated to you separately. 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 June 21, 2021, 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 also revise the outlook, 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, CARE shall carry out the review on the basis of best available information. 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. 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.
10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

11. CARE's Issuer Ratings are **not** recommendations to buy or sell any securities of the issuer.
12. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



Karishma Sethi
Analyst
karishma.sethi@careratings.com

Ravleen Sethi
Associate Director
ravleen.sethi@careratings.com

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.

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.

Page 3 of 9

CARE Ratings Ltd.

Annexure 2

Draft Press Release

Bengal & Assam Company Limited

Ratings

Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Issuer Rating*	-	CARE AA-(Is); Stable [Double A Minus (Issuer Rating); Outlook: Stable]	Assigned

*The issuer rating is subject to the company not exceeding the level of total debt beyond Rs. 500 cr (or overall gearing of 0.57x as on March 31, 2022).

Detailed Rationale & Key Rating Drivers

The rating assigned to Bengal and Assam Company Limited (BACL) takes into account its financial flexibility emanating from the significant market valuation from the holding of JK group companies (around Rs. 6500 crore as on June 10, 2021) and its strategic holdings in non-listed group companies with adequate coverage in terms of market value of holding to outstanding debt of 16.28 times as on June 10, 2021. The rating also factors in the company's status as the investment holding company for the JK group companies & the exhibited track record of dividend income from the group companies. The rating continued to derive strength from experienced promoters & management team, strong investment profile of BACL and healthy asset quality. The rating is, however, constrained by BACL's dependence on dividend income and limited revenue stream. The future prospects of BACL are highly dependent on the performance of the group companies in which it has significant investments.

BACL did not seek any moratorium on payments from its lenders as part of the COVID-19 - Regulatory Package announced by the RBI on March 27, 2020 and May 22, 2020.

Rating Sensitivities

Positive Sensitivities

- Enhancement in the financial flexibility of BACL emanating from the significant market valuation from the holding of the shares in its group companies along with the improvement in the credit profile of the underlying entities.
- Limited incremental investment requirement in the group entities from BACL with no significant increase in the borrowings of BACL on a sustained basis going forward.

Negative Sensitivities

- Any substantial reduction in the market value of the investments held by BACL in the group companies adversely impacting the market value to debt cover against what is envisaged.

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

- Substantial increase in total debt availed and further support given to the group companies against what is envisaged.
- Any substantial dilution of the promoter stake in BACL which may adversely impact its credit profile or any change in the status of being a key holding company for the group.

Detailed description of the key rating drivers

Key Rating Strengths

Holding company of established industrial house and strong investment profile

BACL majorly holds investment in almost all the group companies of the JK group which was founded in year 1918. The group is actively working in the core sectors of cement, paper, automotive tyre, sugar, agri-products, etc. The group has established a reputed image and brand name over the years through its various group companies.

BACL held approximately 94% of its total assets in the form of investments in equity share and preference share capital, subsidiaries and group companies, listed companies and unlisted companies as on March 31, 2021. The company has notable stake in prominent group companies like JK Lakshmi Cement Ltd. (JKLC rated 'CARE AA-; Stable' and 'CARE A1+'), JK Tyre & Industries Ltd. (JKTIL rated 'CARE A; Stable' and 'CARE A1'), JK Fenner (India) Ltd., JK Paper Ltd, JK Agri Genetics Ltd. (JKAL rated 'CARE BBB+; Stable' and 'CARE A3+') and Divyashree Company Ltd. (together forming approx. 79% of total assets) in form of Investment in equity; thus reflecting the strong investment portfolio of the company. JKLC, engaged in cement business since year 1982 has strong presence in cement industry, especially in northern and western markets of India under brand name of 'JK Lakshmi cement'. JKTIL has been engaged in tyre industry since year 1975 and is among the leading tyre manufacturers in India. JK Paper Ltd (JKPL), incorporated in 1960, is also one of the prominent players in the Indian paper and paper boards industry while JK Fenner (India) Ltd. has an established position in the polymer industry.

Large market value of holdings in various JK group companies & adequate liquidity

BACL holds significant investments in the form of listed shares of major JK Group Companies including JK Tyre and Industries, JK Lakshmi Cement Limited, JK Paper Limited, JK Agri Genetics Limited etc., which provides adequate financial flexibility. As against the book value of investment of these investments of Rs. 867.03 cr (84% of total investment as on March 31, 2021), the market value of such holding stood at around Rs. 6500 cr as on June 10, 2021. As against this, the overall debt (which is availed only from the group companies) stood at Rs. 399.83 cr as on March 31, 2021, thus indicating adequate coverage in terms of market value of holding to outstanding debt of 16.28 times as on June 10, 2021 and consequent ability to raise further debt if required. In addition to this, the management has also indicated that the total debt of the company is not likely to exceed Rs. 500 cr over the period of next 2 years leading to maximum gearing level of 0.57x as on March 31, 2022. Any substantial reduction in the market value of the investments held by BACL in the group companies adversely impacting the liquidity and financial flexibility of BACL is a key rating sensitivity going forward.

The company has cash and bank balances of Rs. 3.63 cr (PY: Rs. 4.74 cr) and mutual fund balances of Rs. 18.08 cr (1% of total assets) (PY: Rs. 32.90 cr) as on March 31, 2021. None of the shares of major JK group companies are pledged as on March 31, 2021, thus providing liquidity buffer to the company. Also, as per BACL's Asset Liability Management (ALM) statement dated March 31, 2021, the company had no negative cumulative mismatches in any of the buckets. In

addition to this, the company also did not avail any moratorium for the servicing of its bank facilities and these were completely paid off during FY21.

Financial flexibility and healthy asset quality

The company has robust capital structure with strong net worth base of Rs. 835.61 crore (PY: Rs. 801.84 crore) as on March 31, 2021. Its overall gearing stood comfortable at 0.48x as on March 31, 2021, vis-à-vis 0.54x as on March 31, 2020. Furthermore, the asset quality of the company also remains healthy with nil gross and net NPA as on March 31, 2021 and nil gross and net NPA as on March 31, 2020.

Steady flow of revenue in the form of dividend income

Over the years, the company has consistently been deriving income majorly in the form of dividend income from its investments. During FY21 (refers to the period April 01 to March 31), the company recorded dividend income of Rs. 35.45 crore (55% of total operating income). BACL derived interest income of Rs. 9.50 crore during FY21 vis-à-vis Rs. 10.06 crore during FY20. Apart from that, the company also derived revenue from rental income.

Key Rating Weaknesses

Dependence on group companies for growth and possible support to promoter's acquisitions and growth plans

BACL held approximately 78.65% of the total assets (Rs. 1,255.78 crore) as on March 31, 2021, in the form of investments majorly invested in group companies. With dividend being the major source of income for BACL, its future is directly linked to the performance of its group companies. Given the cyclical nature of industries like cement, tyre, paper, etc. in which the group is operating, any decline in performance of those industries might affect revenue stream of BACL and its debt repayment capacity. However, the presence of the group companies in various industries also diversifies BACL's investment portfolio to some extent and reduces its dependence on any one particular company. BACL, as the holding company for the JK group companies, is committed towards meeting any incremental investment requirements arising in the group companies for any expansion and growth plans of such companies. Moreover, with the group companies belonging to cyclical industries, any support extended may adversely affect the credit and financial risk profile of BACL. However, as guided by the management, BACL does not envisage any major investment or support extended to the group companies in the near time period.

Exposure to market-related risks

Exposure to market-related risks persist, as financial flexibility in terms of the cover available will depend, to some extent, on prevailing market sentiments and share prices. Any increase in market-related risks, leading to a sharp fall in the share prices of investments in JKAL, JKLC, JKTIL, etc. will be a key rating sensitivity factor.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning 'Outlook' and 'Credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial Ratios - Financial Sector](#)

[Rating of loans by investment holding companies](#)

[Rating Methodology - Notching by factoring linkages in Ratings](#)

[CARE's Issuer Rating](#)

About the Company

Bengal & Assam Company Ltd (BACL) is the holding company for JK group headed by Mr. Bharat Hari Singhania as its Chairman. BACL was originally incorporated as Bengal & Assam Investors Ltd in 1947. The name of the company was changed to the present one in 1982. The company registered as a Non-Deposit Taking Systematically Important Core Investment Company (CIC-ND-SI) with Reserve Bank of India (RBI), acts only as investment holding company for the JK group companies and doesn't engage in lending to third parties outside JK group. Being CIC-ND-SI, BACL is exempt from certain compliances of RBI like minimum requirement of net owned funds and exposure norms. It has notable stake in group companies like JK Lakshmi Cement Ltd. (JKLC), JK Tyre & Industries Ltd. (JKTIL), JK Fenner (India) Ltd. (JKF), JK Agri Genetics Ltd (JKAGL) and JK Paper Ltd (JKPL).

Further, during FY19, Board of Directors of BACL approved a scheme of arrangement between Florence Investech Ltd ('Florence'), BMF Investments Ltd ('BMF'), J.K. Fenner (India) Ltd ('FIL') and Bengal & Assam Co Ltd ('Transferee Company') and their respective shareholders for amalgamation of Florence & BMF ('Transferor Companies'), engaged in the same activity (holding companies), with the Transferee Co w.e.f. April 01, 2017 ('Appointed Date'). The Scheme came into effect after the approvals from Stock Exchange & sanction of National Company law Tribunal (NCLT) on May 24, 2019. Further pursuant to the scheme taking effect, JK Tyre & Industries Ltd, JK Agri Genetics Ltd & Umang Diaries Ltd became the subsidiaries of Bengal & Assam Co Ltd from the appointed date.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)
Total operating income	182.70	64.41
PAT	125.35	23.25
Interest coverage (times)	3.93	1.70
Total Assets	1,251.99	1,255.78
Net NPA (%)	0.00	0.00
ROTA (%)	9.95	2.00

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

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
Issuer Rating-Issuer Ratings	-	-	-	0.00	CARE AA- (Is); Stable

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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Issuer Rating-Issuer Ratings	Issuer rat	0.00	CARE AA- (Is); Stable	-	-	-	-

Annexure-3: Detailed explanation of covenants of the rated instrument/facilities – Not Applicable**Annexure 4: Complexity level of various instruments/facilities rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Issuer Rating-Issuer Ratings	Simple

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**Media Contact**

Name: Mradul Mishra
 Contact no: +91-22-6837 4424
 Email ID: mradul.mishra@careratings.com

Analyst Contact

Group Head Name: Ms Ravleen Sethi
 Group Head Contact no: 011 - 4533 3251
 Group Head Email ID: ravleen.sethi@careratings.com

Relationship Contact

Name: Swati Agrawal
 Contact no: +91-11-4533 3237
 Email ID: swati.agrawal@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 credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. 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. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

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.

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