ICRA

October 09, 2017

Hindustan Organic Chemicals Limited

Summary of Rated Instruments

Instrument*	Amount Rated (Rs. crore[1])	Amount Outstanding (Rs. crore)	Rating action
NCDs	150	0.00	[ICRA]AAA(SO) (Stable) Withdrawn

**Instrument details are provided in Annexure I*

Rating Action

ICRA has withdrawn the rating of [ICRA]AAA(SO) (pronounced as ICRA Triple A Structured Obligation) outstanding on the Government of India-guaranteed NCD programme of Rs. 150.00 crore of Hindustan Organic Chemicals Limited (HOCL).

Rationale

HOCL has fully redeemed the NCDs of Rs. 150.00 crore. Thus, the ratings are withdrawn.

Key rating drivers

Credit Strengths

- N.A.

Credit Weakness

- N.A.

Description of key rating drivers highlighted above:

N.A.

Analytical approach:

N.A.

Links to applicable Criteria

Approach for rating debt instruments backed by third-party explicit support

Corporate Credit Rating Methodology

About the Issuer

Hindustan Organic Chemicals Limited (HOCL) was incorporated on December 12, 1960 and is a Government of India (GoI) enterprise (GoI held 58.78% equity stake as on March 31, 2017) under the administrative control of Department of Chemicals and Petrochemicals (DCPC) - Ministry of Chemicals and Fertilizers. The company was set up by the GoI with the objective of attaining self-reliance in basic organic chemicals needs to reduce country's dependence on import of vital organic chemicals.

[1] 100 lakh = 1 crore = 10 million

HOCL is engaged in the manufacturing of various organic chemicals viz. Phenol, Acetone, Hydrogen Peroxide, Formaldehyde, Aniline, Nitrobenzene, Hydrogen, Sulphuric Acid, Oleum, Nitro Toluene, Conc. Nitric Acid and Di-nitrogen tetroxide. It is also the sole supplier of the rocket propellant viz. N2O4 for ISRO's satellite launching programme. The company has two manufacturing facilities situated at Rasayani, Maharashtra and Kochi, Kerala. However, the Cabinet Committee on Economic Affairs has approved the sale of all HOCL's plants at Rasayani (except the Di-Nitrogen Tetroxide plant) to liquidate the liabilities of the company.

For FY2017, the company reported loss of Rs. 255.57 crore on an operating income of Rs. 143.38 crore (standalone). For Q1FY2018, the company reported loss of Rs. 49.78 crore on an operating income of Rs. 25.21 crore (unaudited).

Key Financial Indicators (Audited)

	FY2016	FY2017
Operating Income (Rs. crore)	109.2	143.4
PAT (Rs. crore)	(173.9)	(255.6)
OPBDIT/ OI (%)	(104.9%)	(91.2%)
RoCE (%)	Nm	nm
Total Debt/ TNW (times)	(0.8)	(0.6)
Total Debt/ OPBDIT (times)	(6.6)	(6.0)
Interest coverage (times)	(1.7)	(1.4)
NWC/ OI (%)	nm	nm

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress); NWC: Net Working Capital

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:
Table: Rating History

S.No.	Name of Instrument	Current Rating			Chronology of Rating History for the past 3 years		
		Type	Rated amount (Rs. crore)	Month-year & Rating	Month- year & Rating in FY2017	Month- year & Rating in FY2016	Month- year & Rating in FY2015
1	NCD Programme	NCD	150	[ICRA]AAA(SO) (Stable) Withdrawn	Sep 2016 [ICRA]AAA(SO) (Rating watch with negative implications) Oct 2016 [ICRA]AAA(SO) (Stable) Dec 2016 [ICRA]AAA(SO) (Rating watch with negative implications) Dec 2016 [ICRA]AAA(SO) (Stable) Mar 2017 [ICRA]AAA(SO) (Rating watch with negative implications) Mar 2017 [ICRA]AAA(SO) (Stable)	Jun 2015 [ICRA]AAA(SO) (Stable) Sep 2015 [ICRA]AAA(SO) (Rating watch with negative implications) Oct 2015 [ICRA]AAA(SO) (Stable)	Sep 2014 Conditional [ICRA]AAA(SO) (Stable)

Complexity level of the rated instrument:
ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure I
Instrument Details

ISIN No.	Instrument	Date of Issuance	Coupon Rate	Scheduled Maturity Date	Size of the issue (Rs. crore[2])	Current Rating
INE048A08024	NCDs	Oct 2014	9.36%	Sep 2017	150	[ICRA]AAA(SO) (Stable)

[2] 100 lakh = 1 crore = 10 million

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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