

June 24, 2019

Asiatic Colour Chem Industries Ltd.: Moved to Non-Cooperating category, Ratings downgraded based on best available information

Summary of Rated Instrument:

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund based limits	41.95	41.95	[ICRA]BB+(Stable); ISSUER NOT COOPERATING*; Downgraded from [ICRA]BBB-(Stable); Rating moved to the 'Issuer Not Cooperating' category
Non-Fund-based Limits	23.00	23.00	[ICRA]A4+; ISSUER NOT COOPERATING*; Downgraded from [ICRA]A3; Rating moved to the 'Issuer Not Cooperating' category
Unallocated limits	8.60	8.60	[ICRA]BB+(Stable)/[ICRA]A4+; ISSUER NOT COOPERATING*; Downgraded from [ICRA]BBB-(Stable)/[ICRA]A3; Rating moved to the 'Issuer Not Cooperating' category
Total	73.55	73.55	

*Issuer did not co-operate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rating Action

ICRA has downgraded the ratings of bank facilities of Asiatic Colour Chem Industries Ltd. (ACCIL) to [ICRA]BB+(Stable)/A4+ from [ICRA]BBB-(Stable)/A3. ICRA has also moved the ratings to the 'Issuer Not Cooperating' category. The ratings is now denoted as "[ICRA]BB+(Stable)/A4+ ISSUER NOT COOPERATING"

ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis best available/dated/ limited information on the issuers' performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity.

Rationale

The ratings downgrade reflects the deterioration in financial profile of the company in FY2018, marked by weakened coverage indicators, increased working capital intensity and tight liquidity position.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of non-cooperation by the rated entity
Parent/Group Support	Not Applicable
Consolidation / Standalone	The assigned rating is based on the issuer's standalone financial statements.

About the company:

Ahmadabad based, ACCIL was incorporated in January 1995 and is a closely-held public limited company promoted by Mr. Mahesh K Agrawal. It manufactures and exports synthetic organic dyes (mainly acid dyes) used in the leather industry. The company has an installed capacity to manufacture 7,500 metric tonne per annum (MTPA).

ACCIL's promoters are also associated with the other Group concerns namely, Adorn Speciality Polymers Pvt. Ltd. and Orio Shanghai Colours Pvt. Ltd., involved in dye manufacturing. The promoters are also associated with another company, Asiatic Composite Ltd., which manufactures composite products for the transportation, sport, chemicals, railways and infrastructure sectors.

The previous detailed rating rationale is available on the following link: [Click here](#)

Key financial indicators:

	FY2017	FY2018*
Operating Income (Rs. crore)	169.85	195.68
PAT (Rs. crore)	1.86	1.99
OPBDIT/OI (%)	4.64%	3.26%
ROCE (%)	9.88%	9.71%
Total Debt/TNW (times)	0.49	0.77
Total Debt/OPBDIT (times)	2.96	6.04
Interest Coverage (times)	1.93	1.35

*Source: MCA Website

Status of non-cooperation with previous CRA:

CRA	Status of non-cooperation	Date of Press Release
Brickwork Ratings	BWR BBB-(Stable)/A3; Issuer not cooperating	March 22, 2018

Any other information: None

Rating history for last three years:

	Instrument	Current Rating (FY2020)				Chronology of Rating History for the past 3 years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating	Date & Rating in FY2019		Date & Rating in FY2018	Date & Rating in FY2017	
					June 2019	January 2019**	November 2018	April 2018	February 2017	June 2016
1	Term Loan	Long Term	0.95	-	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable) ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Stable)
3	EPC/PCFC/ FBD/EBR	Long Term	33.00		[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable) ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Stable)
4	Standby Line of Credit	Long Term	8.00		[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable) ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Stable)
5	Letter of Credit	Short Term	22.00		[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A3	[ICRA]A3 ISSUER NOT COOPERATING	[ICRA]A3	[ICRA]A3	[ICRA]A3
7	Credit Exposure	Short Term	1.00		[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A3	[ICRA]A3 ISSUER NOT COOPERATING	[ICRA]A3	[ICRA]A3	[ICRA]A3
8	Unallocated Limits	Long Term/ Short Term	8.60		[ICRA]BB+ (Stable)/ A4+ ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/ A3	[ICRA]BBB- (Stable)/ A3 ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/ A3	-	-

*Removed from Issuer Not Cooperating category

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-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	FY2014	NA	FY2019	0.95	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	EPC/PCFC/ FBD/EBR	-	NA	-	33.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	Standby Line of Credit	-	NA	-	8.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	Letter of Credit	-	NA	-	22.00	[ICRA]A4+ ISSUER NOT COOPERATING
NA	Credit Exposure	-	NA	-	1.00	[ICRA]A4+ ISSUER NOT COOPERATING
NA	Unallocated Limits	-	NA	-	8.60	[ICRA]BB+ (Stable)/ A4+ ISSUER NOT COOPERATING

Source: Asiatic Colour Chem Industries Ltd.

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