

## Rating Advisory

March 21, 2018 | Mumbai

### Hind Aluminium Industries Limited

#### Advisory as on March 21, 2018

This rating advisory is provided in relation to the rating of Hind Aluminium Industries Limited

The key rating sensitivity factors for the rating include:

- Operating margin
- Working capital management
- Support to other group companies
- Foreign exchange management

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Hind Aluminium Industries Limited (HAIL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If HAIL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

#### About the Company

Established in 1973 by Mr Lalit Daga, the Associated group manufactures aluminium wire rods, which are used to make conductors and cables, and in processing of molten steel. Since fiscal 2009, the group also commenced manufacturing aluminium conductors. The group also generates some of its revenue by trading in minerals.

#### DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale that we provide (each a "Report"). For the

*Please note: This advisory should not be construed as a rating reaffirmation.*

avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Rating are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL assumes no obligation to update its opinions following publication in any form or format although CRISIL may disseminate its opinions and analysis. CRISIL rating contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way.

Neither CRISIL nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, [www.crisil.com](http://www.crisil.com) (free of charge). Reports with more detail and additional information may be available for subscription at a fee – more details about CRISIL ratings are available here: [www.crisilratings.com](http://www.crisilratings.com).

CRISIL and its affiliates do not act as a fiduciary. While CRISIL has obtained information from sources it believes to be reliable, CRISIL does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of CRISIL may have information that is not available to other CRISIL business units. CRISIL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <http://www.crisil.com/ratings/highlightedpolicy.html>

CRISIL's rating criteria are generally available without charge to the public on the CRISIL public web site, [www.crisil.com](http://www.crisil.com). For latest rating information on any instrument of any company rated by CRISIL you may contact CRISIL RATING DESK at [CRISILratingdesk@crisil.com](mailto:CRISILratingdesk@crisil.com), or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL.

All rights reserved @ CRISIL

## Rating Rationale

December 31, 2016 | Mumbai

### Hind Aluminium Industries Limited

Total Bank Loan Facilities Rated	Rs 1981.1 Million (Reduced from Rs 2000 Million)
Long Term Rating	CRISIL BBB+/Stable (Reaffirmed)
Long Term Rating	CRISIL BBB+/Stable (Withdrawal)
Short Term Rating	CRISIL A2 (Withdrawal)

(Refer to Annexure 1 for Facility-wise details)

CRISIL has **withdrawn** its rating on Hind Aluminium Industries Limited (HAIL; part of Associated group) bank loan facilities of Rs. 1930 million following the expiry of the notice period. The ratings were placed on 'Notice of Withdrawal' for 60 days on November 02, 2016, at the request of the company. The rating action is in line with CRISIL's policy on withdrawal of its ratings on bank loan facilities.

Furthermore, CRISIL has reaffirmed its ratings on the bank facilities amounting Rs.51.1 million of HAIL at '**CRISIL BBB+/Stable**'.

The rating action is based solely on information available in the public domain as the Associated group has not cooperated with CRISIL in its surveillance process.

The ratings continue to reflect the Associated group's moderate business risk profile, supported by its long track record of operations, and a moderate financial risk profile, with a healthy networth and comfortable gearing. These strengths are partially offset by susceptibility to intense competition in the aluminium conductors industry and to risks related to volatility in aluminium prices.

For arriving at its ratings, CRISIL continues to combine the business and financial risk profiles of HAIL, and Associated Aluminium Industries Pvt Ltd (AAIPL; rating suspended) together referred to as the Associated group. This is because these companies have significant operational and financial linkages, common promoters and management, and are in the same line of business.

#### Outlook: Stable

CRISIL believes the Associated group will maintain its business and financial risk profiles over the medium term, backed by established relationships with customers, and moderate gearing. The outlook may be revised to 'Positive' if significant improvement in cash accrual, while maintaining the working capital cycle, strengthens the capital structure. Conversely, the outlook may be revised to 'Negative' if a material decline in revenue or profitability or a stretch in the working capital cycle adversely affects the financial risk profile or liquidity.

#### About the Company

Established in 1973 by Mr Lalit Daga, the Associated group manufactures aluminium wire rods, which are used to make conductors and cables, and in processing of molten steel. Since fiscal 2009, the group also commenced manufacturing aluminium conductors. The group also generates some of its revenue by trading in minerals.

Profit after tax (PAT) was Rs 90 million on sales of Rs 7.2 billion in fiscal 2016, against a PAT of Rs 73 million on sales of Rs 4.4 billion in fiscal 2015. In the six months through Sep 2016, PAT was Rs 45 million on sales of Rs 2.6 billion, against Rs 48 million and Rs 3.7 billion, respectively, in the previous corresponding period.

## Annexure 1 - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Million)	Rating	Facility	Amount (Rs.Million)	Rating
Cash Credit	130	Withdrawal	Cash Credit	130**	CRISIL BBB+/Stable (Notice of withdrawal)
Cash Credit	100	Withdrawal	Cash Credit	100#	CRISIL BBB+/Stable (Notice of withdrawal)
Cash Credit	300	Withdrawal	Cash Credit	300@#	CRISIL BBB+/Stable (Notice of withdrawal)
Letter of Credit	250	Withdrawal	Letter of Credit	250^^	CRISIL A2 (Notice of withdrawal)
Letter of Credit	350	Withdrawal	Letter of Credit	350*#	CRISIL A2 (Notice of withdrawal)
Letter of Credit	100	Withdrawal	Letter of Credit	100\$\$	CRISIL A2 (Notice of withdrawal)
Term Loan	51.1	CRISIL BBB+/Stable	Term Loan	51.1	CRISIL BBB+/Stable
Bank Guarantee	600	Withdrawal	Bank Guarantee	600@@	CRISIL A2 (Notice of withdrawal)
Bank Guarantee	100	Withdrawal	Bank Guarantee	100##	CRISIL A2 (Notice of withdrawal)
-	-	-	Proposed Long-Term Bank Loan Facility	18.9	Withdrawn
<b>Total</b>	<b>1981.1</b>	<b>-</b>	<b>Total</b>	<b>2000</b>	<b>-</b>

\*\*Includes sublimit of Rs 100 million of bill discounting, foreign currency non-resident of USD 2 million, buyer's credit of Rs 80 million, working capital demand loan INR/USD of Rs 130 million, export packing credit(EPC)/packing credit in foreign currency of Rs 50 million, foreign bill discounting/foreign bill purchase/foreign usance bill discounted/foreign bill negotiation/post shipment credit/post shipment credit in foreign currency of Rs 50 million and bank guarantee of Rs 100 million.

#Fully interchangeable with letter of credit and bank guarantee.

^^Includes sublimit of Rs 220 million of buyer's credit.

\*# Includes sublimit of Rs 300 million of import invoice financing, Rs 100 million of financial guarantees/standby letter of credit (trade), Rs 20 million of overdraft, Rs 350 million of import letter of credit-secured, Rs 250 million of bond and guarantees and Rs 40 million of export invoice financing.

\$\$Fully interchangeable with bank guarantee.

@@ Includes sublimit of Rs 50 million of bank guarantee for bid bond and earnest money deposit (EMD).

##Fully interchangeable with letter of credit.

@# Includes sublimit of Rs 300 million of purchase invoice discounting

<b>Links to related criteria</b>
<a href="#">CRISILs Approach to Financial Ratios</a>
<a href="#">CRISILs Bank Loan Ratings - process, scale and default recognition</a>
<a href="#">Rating criteria for manufacturing and service sector companies</a>
<a href="#">Rating Criteria for Aluminium Industry</a>
<a href="#">CRISILs Bank Loan Ratings</a>
<a href="#">The Rating Process</a>
<a href="#">Understanding CRISILs Ratings and Rating Scales</a>

**For further information contact:**

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p><b>Tanuja Abhinandan</b> Media Relations <b>CRISIL Limited</b> D: +91 22 3342 1818 B: +91 22 3342 3000 <a href="mailto:tanuja.abhinandan@crisil.com">tanuja.abhinandan@crisil.com</a></p> <p><b>Jyoti Parmar</b> Media Relations <b>CRISIL Limited</b> D: +91 22 3342 1835 B: +91 22 3342 3000 <a href="mailto:jyoti.parmar@crisil.com">jyoti.parmar@crisil.com</a></p>	<p><b>Arvind Rao</b> Director - CRISIL Ratings <b>CRISIL Limited</b> D:+91 22 4097 8278 <a href="mailto:arvind.rao@crisil.com">arvind.rao@crisil.com</a></p> <p><b>Prachi Chandgothia</b> Associate Director - CRISIL Ratings <b>CRISIL Limited</b> D:+91 22 4097 8324 <a href="mailto:prachi.chandgothia@crisil.com">prachi.chandgothia@crisil.com</a></p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: <a href="mailto:CRISILratingdesk@crisil.com">CRISILratingdesk@crisil.com</a></p> <p>For Analytical queries: <a href="mailto:ratingsinvestordesk@crisil.com">ratingsinvestordesk@crisil.com</a></p>

## Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

## Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on [www.crisil.com/complexity-levels](http://www.crisil.com/complexity-levels). Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

## About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit [www.crisil.com](http://www.crisil.com)

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

## About CRISIL Ratings

CRISIL Ratings is part of CRISIL Limited ("CRISIL"). We pioneered the concept of credit rating in India in 1987. CRISIL is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI"). With a tradition of independence, analytical rigour and innovation, CRISIL sets the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 24,500 large and mid-scale corporates and financial institutions. CRISIL has also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We also pioneered a globally unique rating service for Micro, Small and Medium Enterprises (MSMEs) and significantly extended the accessibility to rating services to a wider market. Over 95,000 MSMEs have been rated by us.

---

## CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfil your request and service your account and to provide you with additional information from CRISIL and other parts of S&P Global Inc. and its subsidiaries (collectively, the "Company") you may find of interest.

For further information, or to let us know your preferences with respect to receiving marketing materials, please visit [www.crisil.com/privacy](http://www.crisil.com/privacy). You can view the Company's Customer Privacy at <https://www.spglobal.com/privacy>

Last updated: April 2016

## DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale that we provide (each a "Report"). For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Rating are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL assumes no obligation to update its opinions following publication in any form or format although CRISIL may disseminate its opinions and analysis. CRISIL rating contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors

and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way.

Neither CRISIL nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, [www.crisil.com](http://www.crisil.com) (free of charge). Reports with more detail and additional information may be available for subscription at a fee – more details about CRISIL ratings are available here: [www.crisilratings.com](http://www.crisilratings.com).

CRISIL and its affiliates do not act as a fiduciary. While CRISIL has obtained information from sources it believes to be reliable, CRISIL does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of CRISIL may have information that is not available to other CRISIL business units. CRISIL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <http://www.crisil.com/ratings/highlightedpolicy.html>

CRISIL's rating criteria are generally available without charge to the public on the CRISIL public web site, [www.crisil.com](http://www.crisil.com). For latest rating information on any instrument of any company rated by CRISIL you may contact CRISIL RATING DESK at [CRISILratingdesk@crisil.com](mailto:CRISILratingdesk@crisil.com), or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL.

All rights reserved @ CRISIL