



INDIA GLYCOLS LIMITED

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8th January, 2018

The Manager (Listing)
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street,
Mumbai- 400 001

The Manager (Listing)
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra Kurla Complex,
Bandra (East)
Mumbai – 400 051

Stock Code No: 500201

Stock Code: INDIAGLYCO

Dear Sirs,

Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 -Intimation w.r.t. up-gradation of Credit Rating.

Dear Sir,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we wish to inform you that India Ratings & Research (Ind-Ra), credit rating Agency, has **upgraded the Company's Long-term Issuer Rating to 'IND BBB+' from 'IND BBB' and the Outlook is stable.** The instrument-wise ratings are as follows:

Instrument Type	Rating/outlook	Rating Action
Fund-based Limit	IND BBB+/Stable/IND A2	Upgraded
Non Fund based Limit	IND A2	Upgraded
Term Loan	IND BBB+/Stable	Upgraded

The release as issued by Ind-Ra dated 8th January, 2018 is enclosed.

We request you to take the above information on record.

Thanking you,

Yours truly,
For India Glycols Limited


Ankur Jain
General Manager (Legal) & Company Secretary

Encl: A/a

India Ratings Upgrades India Glycols to 'IND BBB+' / Stable

08

By [Ankur Rustagi](#)

JAN 2018

India Ratings and Research (Ind-Ra) has upgraded India Glycols Limited's (IGL) Long-Term Issuer Rating to 'IND BBB+' from 'IND BBB'. The Outlook is Stable. The instrument-wise rating actions are as follows.

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Fund-based limit	-	-	-	INR4,150	IND BBB+/Stable/IND A2	Upgraded
Non-fund-based limit	-	-	-	INR14,003	IND A2	Upgraded
Term loan	-	-	April 2025	INR1,400 (reduced from INR1,811.8)	IND BBB+/Stable	Upgraded

The upgrade reflects an improvement in IGL's interest coverage (average level above 2.0x for the period 3QFY17-2QFY18) and timely debt refinancing for FY18.

KEY RATING DRIVERS

Improved Operating Performance: In 1HFY18, IGL's revenue was INR15,769 million (1HFY17: INR13,248 million) and EBITDA was INR1,250 million (INR1.105 million). The rise in revenue and EBITDA was largely driven by higher contribution of the industrial chemical segment due to a rise in demand for agrochemicals. In addition, a revival in the guar gum segment and growth in the nutraceutical segment contributed to the rise.

Favourable Business Environment: The realisations of the industrial chemical segment are largely determined by crude price, as most of the major players use crude as a raw material for manufacturing industrial chemicals. IGL is one of the few large players that produce industrial chemicals from bioethanol. Hence, its raw material cost is not dependent on crude price. However, realisations are dependent on crude price.

Ethanol is a major raw material used by IGL. It is imported as well as produced in-house from molasses. IGL expects the price of in-house ethanol to considerably reduce in 2HFY18 in view of high availability of cheap molasses.

Ind-Ra expects IGL's EBITDA to continue to improve in 2HFY18 in view of a gradual increase in crude price and a fall in in-house ethanol price.

Improvement in Credit Metrics: IGL registered an average interest coverage of 2.03x for 3QFY17-2QFY18, driven by an improved operating performance during the period, led by growth in the nutraceutical and industrial chemical segments. Net leverage was 7.1x in FY17 (FY16: 10.1x).

Positive Free Cash Flow: IGL's free cash flow remained positive over FY16-FY17, driven by improved EBITDA and working capital cycle levels (FY17: 83 days; FY16: 106 days) and the absence of any major debt-led capex.

Liquidity Management; Refinancing Required: IGL has availed fresh term loans of INR680 million and unsecured loans of INR300 million from the promotor's associates during the current financial year. Ind-Ra expects free cash flow in FY18 (based on the actual results for 1HFY18) and the newly availed term loans to improve the liquidity position and mitigate the refinancing risk in FY18. However, IGL would require refinancing of its debt obligations in the medium term. The debt repayment liability of the company includes a long-term export advance repayment.

RATING SENSITIVITIES

Positive: Future developments that may collectively lead to a positive rating action are:

- interest coverage exceeding 3.0x on sustained basis
- continued debt reduction
- timely refinancing of debt obligations

Negative: Interest coverage reducing below 2.0x on a sustained basis or any delay in the refinancing of the existing debt could lead to a negative rating action.

COMPANY PROFILE

IGL commenced operations in 1983 as a manufacturer of monoethylene glycol. It now manufactures green technology-based bulk, specialty and performance chemicals, natural gums, spirits, industrial gases, sugar and nutraceuticals. Its product offerings include glycols, ethoxylates, glycol ethers and acetates, and various performance chemicals.

FINANCIAL SUMMARY

Particulars	FY17	FY16
Revenue (INR million)	24,734	23,222
EBITDA (INR million)	2,365	1,869
EBITDA margin (%)	9.6	8.0
Interest coverage (x)	1.9	1.3
Net leverage (x)	7.1	10.1
Source: IGL, Ind-Ra		

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating	27 November 2017	2 December 2016	7 August 2015
Issuer rating	Long-term	-	IND BBB+/Stable	IND BBB/Positive	IND BBB/Stable	IND BBB/Stable
Fund-based limit	Long-/short-term	INR4,150	IND BBB+/Stable/IND A2	IND BBB/Positive/IND A3+	IND BBB/Stable/IND A3+	IND BBB/Stable/IND A3+
Non-fund-based limit	Short-term	INR14,003	IND A2	IND A3+	IND A3+	IND A3+
Term loan	Long-term	INR1,400	IND BBB+/Stable	IND BBB/Positive	IND BBB/Stable	IND BBB/Stable

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity levels of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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ABOUT INDIA RATINGS AND RESEARCH

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies, structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

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Applicable Criteria

[Corporate Rating Methodology](#)

Analyst Names

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