

August 6, 2010

CARE ASSIGNS 'IN PRINCIPLE' CARE AA (SO) TO NCD ISSUE OF BRASSCO ESTATES PVT. LTD

Instrument	Amount (Rs. cr)	Rating	Remarks
Non Convertible Debentures (NCD)*	100	In-principle 'CARE AA(SO)' [Double A (Structured Obligation)]	Assigned

*Backed by unconditional and irrevocable undertaking by Amtek Auto Ltd (AAL) to purchase from BEPL the preference shares (to be pledged with Debenture Trustee) of OCL Iron & Steel Ltd

Rating Rationale

The rating factors in the strength of the payment structure and credit quality of the provider of the Undertaking, Amtek Auto Ltd (AAL, Rated CARE AA / PR 1+).

The rating of AAL derives strength from its established position in trade, diversified client base, sustained relationships with a large number of automobile companies as preferred Original Equipment (OE) supplier, comfortable profitability and financial profile.

Going forward, AAL's ability to withstand the cyclicity in domestic as well as global automobile industry while sustaining the profitability are expected to be the key rating sensitivities.

The 'in-principle' rating will be confirmed after the documents are executed in accordance with the structure and a legal opinion, to the satisfaction of CARE, is provided by BEPL.

Company Profile

Brassco Estates Private Limited (BEPL) (an associate company of Amtek Auto Ltd) is a private limited company incorporated on 5 December 1996. The company is engaged in the business of trading of auto components. It has firm tie up with manufacturers for purchase of auto components which are sold in the replacement market.

Credit Enhancements and Structure Summary

BEPL proposes to issue Non Convertible Debentures (NCD) of Rs.100cr. The issue amount will be utilised for the investment in Redeemable Preference Share (RPS) capital of OCL Iron & Steel Ltd (OISL). The said RPS shall be pledged with debenture trustee with the authority to sell the RPS in an event of default. The above NCDs would be backed by unconditional and irrevocable undertaking by AAL to purchase preference shares of OISL from BEPL. BEPL will assign the said undertaking to the Trustees. Additional credit enhancements such as Letter of comfort from AAL for the repayment of the said debentures are also provided.

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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.

Disclaimer

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