

Rating Rationale

Brickwork Ratings places the rating of ‘BWR A/A1’ for the Bank Loan facilities amounting to ₹3585 Cr of Asian Colour Coated Ispat Limited on “Ratings Watch with Developing Implications”

Brickwork Ratings has placed the following **Ratings¹** for the Bank Loan facilities amounting to ₹3585.00 Crores of Asian Colour Coated Ispat Limited on ‘Ratings Watch with Developing Implications’:

Facility	Limits ₹ Crores		Tenure	Rating August 2015	Present Position
	Previous	Present			
Fund Based: Cash Credit	1221.00	1221.00	Long Term	BWR A (Pronounced BWR Single A) (Outlook: Stable)	Both BWR A/A1 Ratings have been placed under
Fund Based: Term Loan	624.00	624.00			
Non Fund Based: Letter of Credit	1740.00	1740.00	Short Term	BWR A1 (Pronounced BWR A One)	“Rating Watch With Developing Implications”
Total	3585.00	3585.00	INR Three Thousand Five Hundred and Eighty Five Crores Only		

Note: Details of Bank Loan Facilities are provided in Annexure I

The rating action takes into account, inter alia, the weakened liquidity position of the company due to cash flow/ working capital flow mismatch, operating losses in the current year, declining steel prices, pressure on profitability, debt funded capex plans and general economic conditions affecting this sector. The company has informed that they have submitted a proposal for refinancing of the bank loan facilities under RBI’s 5:25 Flexible Structuring Scheme with cut-off date as October 1 2015. The ratings have been placed under ‘Ratings Watch with Developing Implications’ pending a decision of banks on the company’s said proposal under the 5/25 scheme. BWR will be closely monitoring the performance of the company and further developments, including the decision of banks on the 5/25 proposal, and will take appropriate rating action based on such decision or in 3 weeks, whichever is earlier.

Business Overview:

ACCIL is part of the Haryana based Asian group of Companies. Incorporated in February 2005, the company’s corporate office is located in Gurgaon, while its manufacturing facilities are

¹ Please refer to www.brickworkratings.com for definition of the Ratings

located in Bawal, Haryana and Khopoli, Maharashtra. ACCIL is promoted by Mr. Ram Kumar Aggarwal, Mr. Pradeep Aggarwal, Mr. Vikas Aggarwal and AGR Steel Strips Private Limited (ASSPL). ACCIL is engaged in manufacturing of Hot Rolled Pickled Oil (HRPO) Coils, Cold Rolled Coils, HR Galvanised Coils, CR Galvanised Coils and Colour Coated Sheets/Coils.

Financial Performance:

ACCIL has reported total operating income of ₹6644.94 Crores in FY15 and net profit of ₹211.48 Crores in FY15 as against total operating income of ₹5426.98 Crores and net profit of ₹245.59 Crores in FY14. As of 31st March 2015, the Company’s tangible net worth stood at ₹1474.03 Crores and the gearing level was 2.22 times. On a provisional basis, the Company has achieved net sales of around ₹ 3358 Crores for H1FY16. The Company has also recognised an exceptional loss of ₹120 Crs in H1FY16 as a write off for Inventory on account of erosion in value due to the continuous fall in prices of steel in the past nine months, resulting in a net loss of ₹ 102 Crore for H1FY16.

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Asian Colour Coated Ispat Limited - BLR Review ₹585Crs

ANNEXURE I:

(₹Crores)

S.NO	NAME OF THE BANKER	WORKING CAPITAL LIMITS		TERM LOAN O /S as on Aug 2015	TOTAL
		NON FUND BASED	FUND BASED		
1	STATE BANK OF PATIALA	258	169	41	468
2	STATE BANK OF INDIA	136	103	94	333
3	STATE BANK OF MYSORE	93	63	20	176
4	INDIAN OVERSEAS BANK	170	125	69	364
5	KARNATAKA BANK	27	78	23	128
6	STATE BANK OF HYDERABAD	140	60	27	227
7	ALLAHABAD BANK	60	30	-	90
8	BANK OF BARODA	95	85	114	294
9	UNION BANK OF INDIA	175	113	54	342
10	BANK OF INDIA	120	80	-	200
11	DENA BANK	93	62	50	205
12	ANDHRA BANK	115	90	54	259
13	STATE BANK OF BIKANER & JAIPUR	78	38	-	116
14	CANARA BANK	155	100	-	255
15	LAKSHMI VILAS BANK	25	25	-	50
16	PUNJAB & SIND BANK	-	-	31	31
17	CORPORATION BANK	-	-	30	30
18	NAINITAL BANK LIMITED	-	-	17	17
TOTAL		1740	1221	624	3585

Note: Consortium lead for working capital limits is State Bank of Patiala (SBOP), Term Loan lead for the Khopoli plant is Bank of Baroda and Term Loan lead for Bawal unit is State Bank of India.