

Rating Rationale

Brickwork Ratings downgrades the rating to ‘BWR BBB/A3’ with Negative Outlook for the Bank Loan facilities amounting to ₹ 3585 Cr of Asian Colour Coated Ispat Limited.

Brickwork Ratings (BWR) has downgraded the **Rating** for the Bank Loan facilities amounting to Rs.3585 Crores of Asian Colour Coated Ispat Limited (ACCIL or ‘the Company’) as follows:

Facility	Previous Amount (₹ Cr)	Rating Amount (₹ Cr)	Tenure	Ratings History	Ratings after review ¹
Fund Based Cash Credit	1221.00	1221.00	Long Term	BWR A (BWR Single A) “Rating watch with Developing Implications” March 2016	BWR BBB (BWR Triple B) Outlook: Negative (Downgraded)
Term Loans	624.00	624.00			
Non-Fund Based Letter of Credit	1740.00	1740.00	Short Term	BWR A1 “Rating Watch with Developing Implications” March 2016	BWR A3 (BWR A Three) (Downgraded)
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

Rating of the company was reviewed on the 18th March 2016 and as the company had informed that they had submitted a proposal for refinancing of the bank loan facilities under RBI’s 5:25 Flexible Structuring Scheme with cut-off date as on 1st October 2015, the ratings were placed under ‘Ratings Watch with Developing Implications’ pending the decision of banks on the said proposal. Since approvals from all the lenders were not received by the end of the financial year, the benefit of the 5:25 scheme has not yet been available to the company and the ratings have been downgraded and outlook revised to negative.

The revision in the ratings also takes into account below average financial performance coupled with high gearing and net losses incurred till December FY16, and weak liquidity position of the company which continues to persist in the current year. BWR also takes the note of the short term liquidity problems due to lack of adequate working capital funds.

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

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 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 the manufacture 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 Rs. 6644.94 Crores in FY15 and net profit of Rs. 211.48 Crores in FY15 as against total operating income of Rs. 5426.98 Crores and net profit of Rs. 245.59 Crores in FY14. As of 31st March 2015, the Company's tangible net worth stood at Rs. 1474.03 Crores and the gearing level was 2.22 times.

On a provisional basis, the Company has informed of having achieved net sales of Rs. 4996.38 Crores for 9M FY16, with a net loss of Rs. 95.64 Crs. The loss was mainly due to inventory write-off on account of price volatility.

Rating Sensitivities:

With regard to the proposal submitted by ACCIL under RBI's 5:25 Flexible Structuring Scheme, two banks have given approvals and other major banks are reported to have submitted proposals and awaiting approvals.

Early implementation of the said scheme which provides relief on the debt servicing front, release of required working capital limits for the projected level of activity, and achieving the said numbers with profits would be the key rating sensitivities. Continuation of liquidity constraints would hamper optimal utilisation of the manufacturing facilities, and would be negative for the rating.

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Asian Colour Coated Ispat Limited

Annexure I

S.NO	NAME OF THE BANKER	WORKING CAPITAL LIMITS		TERM LOAN	TOTAL
		NON FUND BASED	FUND BASED	O/S Aug 2015	
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	625	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.