

Rating Report

Brickwork Ratings reaffirms 'BWR A' & 'BWR A1' for the Bank Loan facilities amounting to ₹3585.00 Crores (enhanced from ₹3247.46 Crores) of Asian Colour Coated Ispat Limited

Brickwork Ratings has reaffirmed the **Ratings**¹ for the Bank Loan facilities amounting to ₹3585.00 Crores (enhanced from ₹3247.46 Crores) of Asian Colour Coated Ispat Limited ("ACCIL" or "the Company") as follows:

Facility	Limits ₹ Crores		Tenure	Previous Rating March 18, 2014	Present Rating July 30, 2015
	Previous	Present			
Fund Based: Cash Credit	990.00	1221.00	Long Term	BWR A (Outlook: Stable)	Reaffirmation of BWR A (Outlook: Stable)
Fund Based: Term Loan	827.46	624.00			
Non Fund Based: Letter of Credit	1430.00	1740.00	Short Term	BWR A1	Reaffirmation of BWR A1
Total	3247.46	3585.00	Rupees Three Thousand Five Hundred and Eighty Five Crores Only		

Note: Details of Bank Loan Facilities and previous rating history is provided in the Annexure I & II.

BWR has principally relied upon the audited financial results up to FY14, provisional financials of FY15, projections up to FY17, publicly available information and information/clarifications provided by the Company's management.

The rating continues to positively factor the promoters' demonstrated capabilities in this business, consistent growth in the operations of ACCIL with improved capacity utilisation levels, operational synergies derived from group concerns in the similar line of activity, reputed customer base with strong market share in North India and robust tangible network. However, the rating is constrained by the working-capital intensity of the operations, strained liquidity due to working capital flow mismatch and delay in working capital financial closure, high inventory holding levels and outstanding receivables position and the general economic conditions affecting this sector.

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. The group is one of the large steel manufacturers in Haryana and comprises Asian Color Coated Ispat Limited (ACCIL), AGR Steel Strips Pvt Ltd Asian Ispat FZC (AIF) (incorporated in United Arab Emirates) and ACCIL Auto Steel Ltd which are engaged in manufacturing Cold Rolled Coils, Galvanized Cold Rolled Sheets and Colour Coated Sheets etc. The other group concerns ACCIL Corporation Ltd and ACCIL Hospitality Ltd are into real estate and hospitality business.

ACCIL is a closely held limited Company, incorporated in February 2005. It was promoted by Mr. Ram Kumar Aggarwal, Mr. Pradeep Aggarwal, Mr. Vikas Aggarwal and AGR Steel Strips Private Limited (ASSPL). The promoters were traditionally in the business of steel trading since two decades. The Company's corporate office is located in Gurgaon, while its manufacturing facilities are located in Bawal, Haryana and Khopoli, Maharashtra.

At present, Bawal unit has five production lines viz. Hot Rolled Pickled Oil (HRPO) Coils, Cold Rolled Coils, HR Galvanised Coils, CR Galvanised Coils and Colour Coated Sheets/Coils while Khopoli unit has four production lines as it does not manufacture HR Galvanised Coils. ACCIL caters to Original Equipment Manufacturers (OEMs) in the NCR region such as Hero Honda, LG Electronics, Electrolux, Maruti Udyog, Maharaja Electricals etc., and has a ready market for its galvanised and colour coated coils. Presently, the Company has increased its focus on geographical diversification by increasing its market share in Western region of India and exports through its Khopoli unit.

Financial Performance:

The Company has shown consistent growth in operations during the last three years with improved capacity utilization levels and stabilisation of operations in newly setup units. ACCIL has reported net profit of ₹245.59 Crores on total operating income of ₹5426.98 Crores in FY14, as against net profit of ₹147.55 Crores on total operating income of ₹ 3043.55 Crores in FY13. As of 31st Mar 2014, the Company's tangible net worth stood at ₹1262.99 Crores. The Company's high inventory holding period, stretched receivables and inability to raise adequate working capital funding has resulted in slightly strained liquidity in FY15.

On a provisional basis, the Company has reported net profit of ₹301.90 Crores on total operating income of ₹ 6638.30 Crores for FY15. Key financial performance indicators are provided in Annexure III, IV & V.

Rating Sensitivities:

The rating outlook is expected to be stable over the current year.

Going forward, the Company's ability to sustain its growth in operations, improve profitability, ensure timely debt servicing, raise adequate working capital funds for operations, strengthen its capital structure and manage its working capital efficiently will remain the key rating sensitivities.

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Annexure I:

(₹ Crores)

S.NO	NAME OF THE BANKER	WORKING CAPITAL LIMITS		TERM LOAN O/S	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	204
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.

Annexure II:
Rating History

Rating Type	Rating Date	Rated Facility	Rating
Issuer Rating	Nov 2011	-	BWR BBB+ (Stable)
Term Loans	Sep 2012	₹ 338 Crores	BWR A- (Stable)
Bank Loan Facilities	June 2013	₹ 2700 Crores	BWR A (Stable) /A1
Issuer Rating	Oct 2013	-	Withdrawal of BWR BBB+ (Stable)
Bank Loan Facilities	March 2014	₹ 3247.46 Crores	Reaffirmation of BWR A (Stable)/A1
Bank Loan Facilities	July 2015	₹3585 Crores	Reaffirmation of BWR A (Stable)/A1

Annexure-III
Profit/Loss – ACCIL

(₹ Crores)

Year Ended	FY13	FY14
Result Type	Audited	Audited
Gross Sales	3302.13	5802.06
Excise Duty/Sales Tax	297.27	495.67
Net Sales	3004.86	5306.39
Other Operating Income	38.69	120.59
Total Operating Income	3043.55	5426.98
Operating Expenses	2697.05	4979.25
OPBDIT	346.51	447.73
Depreciation/Amortization/Impairment	44.69	51.96
OPBIT	301.82	395.77
Interest and Finance Charges	90.83	111.37
OPBT	210.99	284.40
Non Operating Income(Expenses)	7.58	13.71
PBT	218.57	298.12
Prior Period - Income(Expense)	-0.08	0.00
Provision for Taxes	70.94	52.52
PAT	147.55	245.59

Annexures-IV
Balance Sheet – ACCIL

(₹ Crores)

Year Ended	FY13	FY14
Result Type	Audited	Audited
Equity and Reserves	1007.55	1262.99
Share Capital	73.13	880.78
Share Application Money	14.46	0.00
Reserves & Surplus	919.97	382.22
Non Current Liabilities	768.79	785.37
Long-Term Borrowings	696.43	661.01
Deferred tax Liabilities (Net)	32.35	87.74
Other Long Term liabilities	39.14	34.66
Long-Term Provisions	0.86	1.96
Current Liabilities	1743.33	2535.94
Short-Term Borrowings	1550.85	2238.79
CPLTD	159.13	167.81
Trade Payables	3.17	9.24
Other Current Liabilities	18.39	96.99
Short-Term Provisions	11.79	23.11
Total Liabilities	3519.67	4584.30
Assets		
Non Current Assets	1427.11	1427.43
Net Fixed Assets	997.09	1353.23
Capital WIP	421.39	61.58
Non Current Investments	6.15	6.93
Long Term Loans & Advances	2.48	5.68
Current Assets	2092.56	3156.87
Current Investments	0.30	0.31
Inventories	880.58	1383.98
Receivables > Six Months	5.11	5.37
Receivables < Six Months	1051.60	1523.60
Cash and Cash Equivalent	68.84	79.44
Short-Term Loans and Advances	60.67	81.75
Other Current Liabilities	25.44	82.42
Total Assets	3519.67	4584.30

Annexures-V
Key Ratios – ACCIL

Year Ended		FY13	FY14
Result Type		Audited	Audited
Total Debt	₹ Crs	2406.42	3067.61
Tangible Net Worth	₹ Crs	1007.54	1262.99
Total Debt/TNW	Times	2.39	2.43
ISCR	Times	3.82	4.02
DSCR	Times	2.50	1.51
Net Cash Accruals/Total Debt	Times	0.09	0.11
Net Profit Margin	%	4.85	4.53
Operating Profit Margin	%	11.38	8.25
Current Ratio	Times	1.20	1.24
Days Receivables	Days	97	89
Days Inventory	Days	92	84