

Rating Report

Brickwork Ratings places the rating of ‘BWR A/A1’ for the Bank Loan facilities amounting to ₹3585.00 Crores 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 History August 2015	Present Rating
	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 “Rating Watch With Developing Implications”
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)	
Total	3585.00	3585.00	Rupees 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 the decision of banks on the company’s 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.

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 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. Key financial performance indicators are provided in Annexure II, III & IV.

Credit Risk Determinants:

The credit risk of ACCIL is expected to increase as the Company is experiencing cash flow mismatch and liquidity issues due to a combination of factors viz. decline in finished steel prices, operating losses in the current, delay in sanctioning and disbursement of the working capital facility and increase in receivables period on account of stress in the steel sector. In order to align its debt obligations with the cash flows generated, the company now proposes to refinance the outstanding aggregate term debt under Flexible Structuring Scheme of RBI 5/25. Post implementation of the refinancing scheme, the stress on the Company's cash flows is expected to reduce in the short term, leading to an improved liquidity position.

Asian Colour Coated Ispat Limited - BLR Review ₹3585Crs

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.

ANNEXURE II:

Asian Colour Coated Ispat Limited – Balance Sheet

(₹ Crores)

Year Ended	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Equity and Reserves	1007.55	1262.99	1474.03
Share Capital	73.13	880.78	880.78
Share Application Money	14.46	0.00	0.00
Reserves & Surplus	919.97	382.22	593.25
Non Current Liabilities	768.79	785.37	765.54
Long-Term Borrowings	696.43	661.01	662.04
Deferred tax Liabilities (Net)	32.35	87.74	68.21
Other Long Term liabilities	39.14	34.66	34.16
Long-Term Provisions	0.86	1.96	1.14
Current Liabilities	1743.33	2535.94	2678.38
Short-Term Borrowings	1550.85	2238.79	2447.88
CPLTD	159.13	167.81	164.84
Trade Payables	3.17	9.24	11.50
Other Current Liabilities	18.39	96.99	24.94
Short-Term Provisions	11.79	23.11	29.22
Total Liabilities	3519.67	4584.30	4917.95
Assets			
Non Current Assets	1427.11	1427.43	1273.27
Net Fixed Assets	997.09	1353.23	1223.00
Capital WIP	421.39	61.58	0.98
Non Current Investments	6.15	6.93	11.12
Long Term Loans & Advances	2.48	5.68	38.17
Current Assets	2092.56	3156.87	3644.68
Current Investments	0.30	0.31	0.38
Inventories	880.58	1383.98	1443.17
Receivables > Six Months	5.11	5.37	28.14
Receivables < Six Months	1051.60	1523.60	1914.89
Cash and Cash Equivalent	68.84	79.44	93.77
Short-Term Loans and Advances	60.67	81.75	78.81
Other Current Liabilities	25.44	82.42	85.52
Total Assets	3519.67	4584.30	4917.95

ANNEXURE III:

Asian Colour Coated Ispat Limited – Profit/Loss

(₹ Crores)

Year Ended	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Gross Sales	3302.13	5802.06	7074.78
Excise Duty/Sales Tax	297.27	495.67	511.57
Net Sales	3004.86	5306.39	6563.20
Other Operating Income	38.69	120.59	81.73
Total Operating Income	3043.55	5426.98	6644.94
Operating Expenses	2697.05	4979.25	5997.14
OPBDIT	346.51	447.73	647.80
Depreciation/Amortization/Impairment	44.69	51.96	215.26
OPBIT	301.82	395.77	432.55
Interest and Finance Charges	90.83	111.37	273.46
OPBT	210.99	284.40	159.09
Non Operating Income(Expenses)	7.58	13.71	71.14
PBT	218.57	298.12	230.23
Prior Period - Income(Expense)	-0.08	0.00	0.00
Provision for Taxes	70.94	52.52	18.75
PAT	147.55	245.59	211.48

ANNEXURE IV:

Asian Colour Coated Ispat Limited – Key Ratios

Year Ended		FY13	FY14	FY15
Result Type		Audited	Audited	Audited
Total Debt	₹ Crs	2406.42	3067.61	3274.76
Tangible Net Worth	₹ Crs	1007.54	1262.99	1474.03
Total Debt/TNW	Times	2.39	2.43	2.22
Long Term Debt/TNW	Times	0.69	0.52	0.45
TOL/TNW	Times	2.49	2.63	2.34
ISCR	Times	3.82	4.02	2.37
DSCR	Times	2.50	1.51	1.60
Net Cash Accruals/Total Debt	Times	0.09	0.11	0.12
Net Cash Accruals/Long Term Debt	Times	0.31	0.50	0.62
Net Profit Margin	%	4.85	4.53	3.18
Operating Profit Margin	%	11.38	8.25	9.75
Current Ratio	Times	1.20	1.24	1.36
Days Receivables	Days	97	89	104
Days Inventory	Days	92	84	89