

Rating Report

Brickwork Ratings downgrades the rating to ‘BWR BB/A4’ with Negative Outlook for the Bank Loan facilities amounting to Rs. 3585 Crores of Asian Colour Coated Ispat Limited.

Brickwork Ratings (BWR) has downgraded the Ratings¹ 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 (Rs. Cr)	Rating Amount (Rs Cr)	Tenure	Ratings History	Ratings after review ¹
Fund Based Cash Credit	1221.00	1221.00	Long Term	BWR BBB (BWR Triple B) Outlook: Negative April 2016	BWR BB (BWR Double B) Outlook: Negative (Downgraded)
Term Loans	624.00	624.00			
Non Fund Based Letter of Credit	1740.00	1740.00	Short Term	BWR A3 (BWR A Three) April 2016	BWR A4 (BWR A Four) (Downgraded)
Total	3585.00	3585.00	Rs. 3585 Cr (INR Three Thousand Five Hundred and Eighty Five Crores only)		

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

¹Complete definitions of the ratings assigned are available at www.brickworkratings.com

The revision in the ratings takes into account the Company’s declining financial performance in FY16, short term liquidity problems, which continue to persist resulting in limits being overdrawn, ostensibly owing to capacity expansion and delay in disbursement of additional loans by lenders. BWR has also taken note that the restructuring proposal submitted by the Company to lenders under the 5/25 scheme has been put into abeyance and there is an uncertainty of the lenders’ additional financial support in the short term.

Business Overview:

ACCIL is part of the Haryana based Asian Group of Companies, incorporated in February 2005 and promoted by Mr. Ram Kumar Aggarwal, Mr. Pradeep Aggarwal, Mr. Vikas Aggarwal and AGR Steel Strips Private Limited (ASSPL). The company’s corporate office is located at Gurgaon, while its manufacturing facilities are located at Bawal (Haryana) and Khopoli (Maharashtra). 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 conduct of the account, existing bank facilities availed from the lenders under consortium lending are running irregular. Further, lenders have asked for Techno Economic Viability (TEV) Report from the management for restructuring the said facilities.

Restructuring of the existing bank facilities coupled with continuous financial support from the lenders for providing 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 operations of the manufacturing facilities, and would call for a further review of 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.