

## APL Apollo Tubes Limited

Instrument	Amount in Rs crore	Rating Action June 2016
Commercial Paper	115.00 (enhanced from Rs.50 crore)	[ICRA]A1+ (SO); re-affirmed
Commercial Paper	85.00 (reduced from Rs. 150 crore)	[ICRA]A1; re-affirmed
Total Commercial Paper	200.00	

ICRA has reaffirmed the rating of [ICRA]A1+(SO) (pronounced ICRA A one plus, Structured Obligation) to Rs. 115 crore commercial paper (CP) programme (enhanced from Rs.50 crore) of APL Apollo Tubes Limited (AATL). The above mentioned rating is based on the strength of an unconditional and irrevocable stand-by letter of credit from Union Bank of India (UBI) (rated [ICRA] AA+ / [ICRA] A1+) to support the repayment obligation on the said CP programme.

At the same time, ICRA has also re-affirmed the rating of [ICRA] A1 to Rs. 85 crore (reduced from Rs. 150 crore) Commercial Paper Programme of the issuer. The total rated limits under both the Commercial Paper programmes remain unchanged at Rs. 200 crore.

Instruments with [ICRA] A1 rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. Within this category, certain instruments are assigned the rating of [ICRA]A1+ to reflect their relatively stronger credit quality. The letters SO in parenthesis suffixed to the rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

Besides the above-mentioned CP issues, ICRA also has a rating of [ICRA] A and [ICRA] A1 outstanding on AATL's bank facilities amounting to Rs 682 crore. The outlook on the long-term rating is Stable.

### Company Profile

AATL is a public limited company engaged in manufacturing of steel pipes and tubes. AATL's product range includes galvanized iron (GI) pipes, pre-galvanized (GP) pipes and hollow section (rectangular and square cross section) pipes within the ERW (Electric Resistance Welded) pipe segment. AATL's started its operations with a manufacturing unit in Sikandarabad (U.P). Over the years, AATL acquired three steel pipes manufacturing companies in order to expand its capacity and widen its presence across geographies – Lloyd Line Pipes Limited (LLPL, acquired in FY2011) located in Murbad (Maharashtra), Shree Lakshmi Metal Udyog Limited (SLMUL, acquired in 2008) located in Bangalore (Karnataka) and Apollo Metalex Private Limited (AMPL, acquired in 2007) located in Sikandarabad (U.P). In addition, AATL established a new unit in Hosur (Tamil Nadu) in 2011. LLPL, SLMUL, and AMPL are working as 100% subsidiaries of AATL. The company currently has an aggregate capacity of 1,050,000 MTPA on a consolidated basis.

### Recent Result

On a consolidated basis, AATL reported net profit of Rs 100.6 crore on a net sales of Rs 4118.7 crore in FY16 as against net profit of Rs 63.8 crore on a net sales of Rs 3013.8 crore in FY15.

**June 2016**

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