

Press Release

SKS Ispat and Power Limited

January 03, 2019

Rating Update



| | |
|-------------------------------------|--------------------------------------|
| Total Bank Facilities Rated* | Rs. 727.92 Cr.# |
| Long Term Rating | ACUITE D Issuer not co-operating* |
| Short Term Rating | ACUITE D Issuer not co-operating* |

#Refer Annexure for details

*The issuer did not co-operate; based on best available information.

Rating Rationale

ACUITE has reviewed long-term rating of '**ACUITE D**' (read as **ACUITE D**) and short term rating of '**ACUITE D**' (read as **ACUITE D**) on the Rs. 727.92 crore bank facilities of SKS Ispat and Power Limited. This is an indicative rating.

Non-cooperation by the issuer/borrower:

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity:

SKS, incorporated in 2000, is a Mumbai-based company promoted by Mr Gupta and family. The company is engaged in the manufacturing and trading of beams, angles, channels, TMT bars and wire rods. The installed capacity stands at 352,000 tonnes per annum (TPA) for rolled products, and 160,000 TPA for TMT bars and wire rods. SKS also has a captive power plant with generation capacity of 85 megawatts.

About the Rated Entity - Key Financials

| | Unit | FY17(Actual) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|--------------|---------------|---------------|
| Operating Income | Rs. Cr. | 716.67 | 674.91 | 989.64 |
| EBITDA | Rs. Cr. | 37.17 | (2.23) | 32.85 |
| PAT | Rs. Cr. | (71.29) | (137.95) | (111.99) |
| EBITDA Margin | (%) | 5.19 | (0.33) | 3.32 |
| PAT Margin | (%) | (9.95) | (20.44) | (11.32) |
| ROCE | (%) | (0.33) | (3.49) | (2.13) |
| Total Debt/Tangible Net Worth | Times | 1.39 | 1.36 | 3.31 |
| PBDIT/Interest | Times | 0.60 | 0.04 | 0.23 |
| Total Debt/PBDIT | Times | 13.45 | 130.01 | 37.19 |
| Gross Current Assets (Days) | Days | 131 | 150 | 144 |

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr) | Ratings/Outlook |
|-------------|---------------------------------|-----------|-----------------|-----------------------|
| 23-Oct-2017 | Term Loan – I | Long term | 152.27 | ACUITE D (Reaffirmed) |
| | Term Loan II | Long term | 14.08 | ACUITE D (Reaffirmed) |
| | Term Loan III | Long term | 9.36 | ACUITE D (Reaffirmed) |
| | Term Loan IV | Long term | 17.41 | ACUITE D (Reaffirmed) |
| | Term Loan V | Long term | 9.25 | ACUITE D (Reaffirmed) |
| | Term Loan VI | Long term | 5.89 | ACUITE D (Reaffirmed) |
| | Term Loan VII | Long term | 14.97 | ACUITE D (Reaffirmed) |
| | Term Loan VIII | Long term | 14.98 | ACUITE D (Reaffirmed) |
| | Term Loan IX | Long term | 17.49 | ACUITE D (Reaffirmed) |

| | | | | |
|-------------|---------------------------|------------|--------|--------------------------|
| | Term Loan X | Long term | 4.78 | ACUITE D (Reaffirmed) |
| | Term Loan Xi | Long term | 11.72 | ACUITE D (Reaffirmed) |
| | Term Loan XII | Long term | 49.83 | ACUITE D (Reaffirmed) |
| | Cash Credit | Long term | 208.45 | ACUITE D (Reaffirmed) |
| | Letter Of Credit | Short Term | 159.83 | ACUITE D (Reaffirmed) |
| | Bank Guarantee | Short Term | 23.00 | ACUITE D (Reaffirmed) |
| | Proposed Fund Based Limit | Short Term | 14.61 | ACUITE D (Assigned) |
| 25-Jul-2016 | Term Loan | Long Term | 337.14 | ACUITE D (Downgraded) |
| | Cash Credit | Long Term | 207.95 | ACUITE D (Downgraded) |
| | Letter Of Credit | Short Term | 159.83 | ACUITE D (Downgraded) |
| | Bank Guarantee | Short Term | 23.00 | ACUITE D (Downgraded) |
| | Term Loan | Long Term | 18.00 | ACUITE C (Withdrawn) |
| 15-Apr-2015 | Term Loan | Long Term | 621.08 | ACUITE C (Assigned) |
| | Cash Credit | Long Term | 257.95 | ACUITE C (Assigned) |
| | Letter Of Credit | Short Term | 144.32 | ACUITE A4 (Assigned) |

***Annexure – Details of instruments rated**

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-----------------------------|-------------------------------------|
| Term Loan – I | Not Applicable | Not Applicable | Not Applicable | 152.27 | ACUITE D *Issuer Non-cooperating |
| Term Loan II | Not Applicable | Not Applicable | Not Applicable | 14.08 | ACUITE D *Issuer Non-cooperating |
| Term Loan III | Not Applicable | Not Applicable | Not Applicable | 9.36 | ACUITE D *Issuer Non-cooperating |
| Term Loan IV | Not Applicable | Not Applicable | Not Applicable | 17.41 | ACUITE D *Issuer Non-cooperating |
| Term Loan V | Not Applicable | Not Applicable | Not Applicable | 9.25 | ACUITE D *Issuer Non-cooperating |
| Term Loan VI | Not Applicable | Not Applicable | Not Applicable | 5.89 | ACUITE D *Issuer Non-cooperating |
| Term Loan VII | Not Applicable | Not Applicable | Not Applicable | 14.97 | ACUITE D *Issuer Non-cooperating |
| Term Loan VIII | Not Applicable | Not Applicable | Not Applicable | 14.98 | ACUITE D *Issuer Non-cooperating |
| Term Loan IX | Not Applicable | Not Applicable | Not Applicable | 17.49 | ACUITE D *Issuer Non-cooperating |
| Term Loan X | Not Applicable | Not Applicable | Not Applicable | 4.78 | ACUITE D *Issuer Non-cooperating |
| Term Loan Xi | Not Applicable | Not Applicable | Not Applicable | 11.72 | ACUITE D *Issuer Non-cooperating |
| Term Loan Xil | Not Applicable | Not Applicable | Not Applicable | 49.83 | ACUITE D *Issuer Non-cooperating |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 208.45 | ACUITE D *Issuer Non-cooperating |

| | | | | | |
|---------------------------|----------------|----------------|----------------|--------|-------------------------------------|
| Letter Of Credit | Not Applicable | Not Applicable | Not Applicable | 159.83 | ACUITE D *Issuer Non-cooperating |
| Bank Guarantee | Not Applicable | Not Applicable | Not Applicable | 23.00 | ACUITE D *Issuer Non-cooperating |
| Proposed Fund Based Limit | Not Applicable | Not Applicable | Not Applicable | 14.61 | ACUITE D *Issuer Non-cooperating |

*The issuer did not co-operate; based on best available information.

Contacts

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About Acuité Ratings & Research:

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