



Press Release
Sharp Tanks & Structurals Private Limited
October 03, 2023

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.85	ACUITE BB+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	96.50	-	ACUITE A4+ Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	121.35	-	-

Rating Rationale

Acuite has downgraded its long term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**)' from **Acuite BBB+** (Read as **Acuite Triple B plus**) & short term rating to **ACUITE A4+** '(read as **ACUITE A four plus**)' from **Acuite A2** (Read as **Acuite A Two**) on the Rs. 121.35 crore bank facilities of Sharp Tanks and Structurals Private Limited. This rating is now an indicative rating and is based on best available information. The rating has been downgraded on account of information risk.

About the Company

STSPL is a Mumbai based company incorporated in 1987 by Mr. VV Nair (Managing Director) and Mr. Viji Chandran Nair (Director). STSPL operates in the construction caters to Oil Refineries, Fertilizers, Petrochemicals, Power and Steel Industries by offering services in the field of construction of Oil Storage Tanks, Ammonia Storage Tanks, LPG Storage Spheres, Gas Holders, Process Piping, Process Equipment and Structural among others. The company caters to reputed clients like IOCL, HPCL, BPCL and RIL to name few. The manufacturing facility for structural work is located at Tarapur MIDC Industrial Area. In October-21, Zetwerk Manufacturing Business Private Limited (ZMBPL) has acquired 75 percent stake in STSPL from the existing shareholders. ZMBPL is a Bengaluru based start-up majorly involved into large-turnkey projects (primarily through subcontracting) and contract manufacturing in multiple segments (through in-house and vendors) such as consumer goods, apparels, engineering components etc. ZMBPL has successfully raised equity to the tune USD 270 million during last 15 months. Going forward, representative from ZMBPL will manage the day to day operations of STSPL and their stake will be gradually increased to 100 percent and STSPL will be a subsidiary of ZMBPL.

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 the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

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). Acuité endeavoured to gather information about the entity/ industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

"No information provided by the issuer / available for Acuite to comment upon."

All Covenants

Not Applicable

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	208.03	127.31
PAT	Rs. Cr.	1.91	7.63
PAT Margin	(%)	0.92	6.00
Total Debt/Tangible Net Worth	Times	0.72	0.37
PBDIT/Interest	Times	1.86	5.32

Status of non-cooperation with previous CRA

Not Applicable

Any other information

Acuite is yet to receive the latest No Default Statement from the rated entity despite repeated requests and followups

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Jul 2022	Bank Guarantee	Short Term	20.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	13.50	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Stable (Assigned)
	Bank Guarantee	Short Term	40.00	ACUITE A2 (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A2 (Reaffirmed)
	Term Loan	Long Term	1.35	ACUITE BBB+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	31.50	ACUITE A2 (Reaffirmed)
02 Mar 2022	Cash Credit	Long Term	13.50	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Term Loan	Long Term	1.35	ACUITE BBB+ Stable (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee	Short Term	20.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee	Short Term	31.50	ACUITE A2 (Upgraded from ACUITE A3+)
23 Dec 2020	Cash Credit	Long Term	13.50	ACUITE BBB Stable (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	31.50	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	20.00	ACUITE A3+ (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	31.50	ACUITE A4+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE A4+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	40.00	ACUITE A4+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BB+ Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	13.50	ACUITE BB+ Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A4+ Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.35	ACUITE BB+ Downgraded Issuer not co-operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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