

Press Release

Sintex Prefab and Infra Limited (SPIL)

April 11, 2019



Rating Downgraded

Total Bank Facilities Rated*	Rs. 1,876.54 Cr.
Rated Amount (Bank facilities)	Rs. 82.91 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE A/ Negative)
Rated Amount (Non-Convertible Debenture)	Rs. 250.00 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE A/ Negative)
Rated Amount (Bank facilities)	Rs. 205.00 Cr.
Long Term Rating	ACUITE C (Downgraded from ACUITE A/ Negative)
Rated Amount (Non-Convertible Debenture)	Rs.350.00 Cr.
Long Term Rating	ACUITE C (Downgraded from ACUITE A/ Negative)
Rated Amount (Bank facilities)	Rs. 210.00 Cr.
Short Term Rating	ACUITE D (Downgraded from ACUITE A1)
Rated Amount (Bank facilities)	Rs. 778.63 Cr.
Short Term Rating	ACUITE A4 (Downgraded from ACUITE A1)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D** (**read as ACUITE D**)' from '**ACUITE A** (**read as ACUITE A**)' on the Rs. 82.91 crore bank facilities and '**ACUITE D** (**read as ACUITE D**)' from '**ACUITE A** (**read as ACUITE A**)' on the Rs. 250 crore Non- Convertible Debentures of SPIL.

Further Acuité has downgraded the long term rating to '**ACUITE C** (**read as ACUITE C**)' from '**ACUITE A** (**read as ACUITE A**)' on the Rs. 205 crore bank facilities and '**ACUITE C** (**read as ACUITE C**)' from '**ACUITE A** (**read as ACUITE A**)' on the Rs. 350 crore Non- Convertible Debentures of SPIL.

Further, Acuité has also downgraded the short term rating to '**ACUITE D** (**read as ACUITE D**)' from '**ACUITE A1** (**read as ACUITE A one**)' on the Rs. 210 crore bank facilities and '**ACUITE A4** (**read as ACUITE A four**)' from '**ACUITE A1** (**read as ACUITE A one**)' on the Rs. 778.63 crore bank facilities of SPIL.

Rationale for Rating Revision:

The rating downgrade is in view of significant liquidity pressures faced by SPIL which has impeded its ability to meet its debt obligations in a timely manner. The rating action is based on Acuité's discussions with the company's bankers and filings with the stock exchange. The company has delayed its interest payments on a debenture issue by one day as per the exchange filings. The interest payment was due on April 8, 2019 and it was paid on April 9, 2019.

SPIL has exhibited a significant deterioration in its operating performance which is reflected in the declining revenues and margins, as per the quarterly disclosures. The operating income of SPIL declined to Rs. 679.20 crore for 9M (FY2019) against Rs. 1,333.37 crore for 9M (FY2018), profitability during the same period declined to Rs. 54.93 crore against Rs. 124.99 crore respectively. The continued significant dependence on debt has impacted its coverage indicators.

About the Company:

SPIIL is a wholly owned subsidiary of Sintex Plastics Technology Limited (plastic business arm of the Sintex group), SPTL is listed in BSE. Sintex Prefab and Infra Limited (Erstwhile Sintex Infra Projects Limited), incorporated in December 2009, is a Gujarat-based company engaged in the manufacturing of prefab structures and monolithic construction material. The company also undertakes execution of various centre and state sponsored infrastructure and power projects such as affordable housing. SPIIL caters to government and semi government departments. Moreover after the merger and demerger scheme monolithic construction businessa and Prefab business of Sintex industry Limited was transfer to Sintex Prefab. Sintex Prefab has an installed capacity of 76,800 numbers per annum of prefabricated structure with manufacturing facility located at Kalol near Ahmedabad, Bhachau (Kutch) and Daman.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the Sintex Prefab and Infra Limited to arrive at this rating.

Liquidity Position

Liquidity of SPIIL continues to be under pressure on account of significant debt obligation vis-a-vis the operating cashflows.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	1,704.46	2,054.54	-
EBITDA	Rs. Cr.	177.09	440.42	-
PAT	Rs. Cr.	52.21	86.89	-
EBITDA Margin	(%)	10.39	21.44	-
PAT Margin	(%)	3.06	4.23	-
ROCE	(%)	4.05	14.04	-
Total Debt/Tangible Net Worth	Times	0.69	1.02	-
PBDIT/Interest	Times	1.90	4.68	-
Total Debt/PBDIT	Times	5.24	2.63	-
Gross Current Assets (Days)	Days	66	130	-

For further details, kindly refer to Acuité's release dated July 06, 2018:

<https://www.acuite.in/documents/ratings/revised/23562-RR-20180807.pdf>

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

None

Any other information

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

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Entities in the infrastructure sector - <http://acuite.in/view-rating-criteria-14.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
7-Aug-2018	Term Loan	Long Term	72.91	ACUITE A+/ Negative (Downgraded)
	Term Loan	Long Term	50.00	ACUITE A+/ Negative (Downgraded)
	Cash Credit	Long Term	10.00	ACUITE A+/ Negative (Downgraded)
	Cash Credit	Long Term	100.00*	ACUITE A+/ Negative (Downgraded)
	Cash Credit	Long Term	45.00	ACUITE A+/ Negative (Downgraded)
	Cash Credit	Long Term	10.00	ACUITE A+/ Negative (Downgraded)
	Non-Convertible Debenture	Long Term	112.50	ACUITE A+/ Negative (Downgraded)
	Non-Convertible Debenture	Long Term	137.50	ACUITE A+/ Negative (Downgraded)
	Non-Convertible Debenture	Long Term	250.00	ACUITE A+/ Negative (Downgraded)
	Proposed Non-Convertible Debenture	Long Term	15.00	ACUITE A+/ Negative (Downgraded)
	Proposed Non-Convertible Debenture	Long Term	85.00	ACUITE A+/ Negative (Downgraded)
	Bank Guarantee	Short Term	100.00	ACUITE A1 (Downgraded)
	Letter of Credit	Short Term	210.00	ACUITE A1 (Downgraded)
	Letter of Credit	Short Term	105.00	ACUITE A1 (Downgraded)
	Bank Guarantee	Short Term	30.00	ACUITE A1 (Downgraded)
	Proposed Non Fund Based	Short Term	543.63	ACUITE A1 (Downgraded)
12-Aug-2017	Term Loan	Long Term	109.38	ACUITE AA-/Stable (Assigned)
	Term Loan	Long Term	90.00	ACUITE AA-/Stable (Assigned)
	Proposed Cash Credit	Long Term	378.00	ACUITE AA-/Stable (Assigned)

	Cash Credit	Long Term	100.00*	ACUITE AA-/Stable (Assigned)
	Proposed NCD	Long Term	112.50	ACUITE AA-/Stable (Assigned)
	Proposed NCD	Long Term	137.50	ACUITE AA-/Stable (Assigned)
	Proposed NCD	Long Term	250.00	ACUITE AA-/Stable (Assigned)
	Proposed NCD	Long Term	15.00	ACUITE AA-/Stable (Assigned)
	Proposed NCD	Long Term	85.00	ACUITE AA-/Stable (Assigned)
	Proposed Bank Guarantee	Short Term	100.00	ACUITE A1+ (Assigned)
	Letter of Credit	Short Term	170.00**	ACUITE A1+ (Assigned)
	Letter of Credit	Short Term	105.00#	ACUITE A1+ (Assigned)
	Proposed non Fund Based	Short Term	224.16	ACUITE A1+ (Assigned)

includes bank guarantee as a sub limit * One way interchangeable with LC ** fully interchangeable between bank guarantee and letter of credit

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	72.91	ACUITE D (Downgraded)
Term Loan	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE C (Downgraded)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D (Downgraded)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	100.00*	ACUITE C (Downgraded)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	45.00	ACUITE C (Downgraded)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE C (Downgraded)
Non-Convertible Debenture	December, 2015	Not Applicable	October, 2020	112.50	ACUITE C (Downgraded)
Non-Convertible Debenture	December, 2015	Not Applicable	October, 2020	137.50	ACUITE C (Downgraded)

Non-Convertible Debenture	December, 2014	Not Applicable	September, 2021	250.00	ACUITE D (Downgraded)
Proposed Non-Convertible Debenture	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE C (Downgraded)
Proposed Non-Convertible Debenture	Not Applicable	Not Applicable	Not Applicable	85.00	ACUITE C (Downgraded)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	100.00	ACUITE A4) (Downgraded)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	210.00**	ACUITE D (Downgraded)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	105.00#	ACUITE A4 (Downgraded)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE A4 (Downgraded)
Proposed Non Fund Based	Not Applicable	Not Applicable	Not Applicable	543.63	ACUITE A4 (Downgraded)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*Erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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