

Press Release

Sintex Prefab and Infra Limited

September 16, 2019

Rating Downgraded



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| Total Bank Facilities Rated* | Rs. 1,876.54 Cr. |
| Rated Amount (Bank facilities) | Rs. 82.91 Cr. |
| Long Term Rating | ACUITE D (Reaffirmed) |
| Rated Amount (Non-Convertible Debenture) | Rs. 250.00 Cr. |
| Long Term Rating | ACUITE D (Reaffirmed)) |
| Rated Amount (Bank facilities) | Rs. 105.00 Cr. |
| Long Term Rating | ACUITE C (Reaffirmed) |
| Rated Amount (Non-Convertible Debenture) | Rs.250.00 Cr. |
| Long Term Rating | ACUITE C/D (Reaffirmed and Downgraded) |
| Rated Amount (Proposed Non-Convertible Debenture) | Rs.100.00 Cr. |
| Long Term Rating | ACUITE C (Reaffirmed) |
| Rated Amount (Bank facilities) | Rs. 210.00 Cr. |
| Short Term Rating | ACUITE D (Reaffirmed) |
| Rated Amount (Bank facilities) | Rs. 878.63 Cr. |
| Short Term Rating | ACUITE A4 (Reaffirmed) |

* Refer Annexure for details

Rating Rationale

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

Further Acuité has reaffirmed the long term rating to '**ACUITE D' (read as ACUITE D)** on the Rs. 105 crore bank facilities, downgraded rating to '**ACUITE D' (read as ACUITE D)** from '**ACUITE C' (read as ACUITE C)** on the Rs.112.50 crore Non- Convertible Debentures and reaffirmed the long term rating of '**ACUITE C' (read as ACUITE C)** for Rs.137.50 crore Non- Convertible Debentures of total Rs. 250 crore Non- Convertible Debentures of SPIL. Acuité has also reaffirmed the long term rating of '**ACUITE C' (read as ACUITE C)** for Proposed Non-Convertible Debenture of Rs.100.00 Cr. s

Further, Acuité has also reaffirmed the short-term rating to '**ACUITE D' (read as ACUITE D)** on the Rs. 210 crore bank facilities and '**ACUITE A4' (read as ACUITE A four)** on the Rs. 878.63 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 and principal payments on a debenture issue of Rs.112.50 crore as per the exchange filings dated 11th September 2019.

About the Company:

SPIL 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. SPIL caters to government and semi

government departments. Moreover, after the merger and demerger scheme monolithic construction business 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

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

About the Rated Entity - Key Financials

| | Unit | FY19 (Actual) | FY18 (Actual) | FY17 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 736.49 | 1,704.46 | 2,054.54 |
| EBITDA | Rs. Cr. | 55.82 | 177.09 | 440.43 |
| PAT | Rs. Cr. | 6.28 | 52.21 | 86.89 |
| EBITDA Margin | (%) | 7.58 | 10.39 | 21.44 |
| PAT Margin | (%) | 0.85 | 3.06 | 4.23 |
| ROCE | (%) | 1.59 | 4.05 | 14.04 |
| Total Debt/Tangible Net Worth | Times | 0.33 | 0.69 | 1.02 |
| PBDIT/Interest | Times | 1.19 | 1.90 | 4.68 |
| Total Debt/PBDIT | Times | 6.61 | 5.24 | 2.63 |
| Gross Current Assets (Days) | Days | 194 | 66 | 130 |

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.

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 |
|-----------------|------------------------------------|------------|-----------------|--|
| 11 –April -2019 | Term Loan | Long Term | 72.91 | ACUITE D (Downgraded) |
| | Term Loan | Long Term | 50.00 | ACUITE C (Downgraded) |
| | Cash Credit | Long Term | 10.00 | ACUITE D (Downgraded) |
| | Cash Credit | Long Term | 100.00* | ACUITE C (Downgraded) |
| | Cash Credit | Long Term | 45.00 | ACUITE C (Downgraded) |
| | Cash Credit | Long Term | 10.00 | ACUITE C (Downgraded) |
| | Non-Convertible Debenture | Long Term | 112.50 | ACUITE C (Downgraded) |
| | Non-Convertible Debenture | Long Term | 137.50 | ACUITE C (Downgraded) |
| | Non-Convertible Debenture | Long Term | 250.00 | ACUITE D (Downgraded) |
| | Proposed Non-Convertible Debenture | Long Term | 15.00 | ACUITE C (Downgraded) |
| | Proposed Non-Convertible Debenture | Long Term | 85.00 | ACUITE C (Downgraded) |
| | Bank Guarantee | Short Term | 100.00 | ACUITE A4) (Downgraded) |
| | Letter of Credit | Short Term | 210.00** | ACUITE D (Downgraded) |
| | Letter of Credit | Short Term | 105.00# | ACUITE A4 (Downgraded) |
| | Bank Guarantee | Short Term | 30.00 | ACUITE A4 (Downgraded) |
| | Proposed Non Fund Based | Short Term | 543.63 | ACUITE A4 (Downgraded) |
| | Term Loan | Long Term | 72.91 | ACUITE A+/ Negative (Downgraded) |
| | Term Loan | Long Term | 50.00 | ACUITE A+/ Negative (Downgraded) |

| | | | | |
|-------------|------------------------------------|------------|---------|----------------------------------|
| 7-Aug-2018 | 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 (Reaffirmed) |
| Term Loan | Not Applicable | Not Applicable | Not Applicable | 50.00 | ACUITE C (Reaffirmed) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 10.00 | ACUITE D (Reaffirmed) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 100.00* | ACUITE C (Reaffirmed) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 45.00 | ACUITE C (Reaffirmed) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 10.00 | ACUITE C (Reaffirmed) |
| Non-Convertible Debenture | December, 2015 | Not Applicable | October, 2020 | 112.50 | ACUITE D (Downgraded from C) |
| Non-Convertible Debenture | December, 2015 | Not Applicable | October, 2020 | 137.50 | ACUITE C (Reaffirmed) |
| Non-Convertible Debenture | December, 2014 | Not Applicable | September, 2021 | 250.00 | ACUITE D (Reaffirmed) |
| Proposed Non-Convertible Debenture | Not Applicable | Not Applicable | Not Applicable | 15.00 | ACUITE C (Reaffirmed) |
| Proposed Non-Convertible Debenture | Not Applicable | Not Applicable | Not Applicable | 85.00 | ACUITE C (Reaffirmed) |
| Bank Guarantee | Not Applicable | Not Applicable | Not Applicable | 100.00 | ACUITE A4 (Reaffirmed) |

| | | | | | |
|-------------------------|----------------|----------------|----------------|----------|------------------------|
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 210.00** | ACUITE D (Reaffirmed) |
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 105.00# | ACUITE A4 (Reaffirmed) |
| Bank Guarantee | Not Applicable | Not Applicable | Not Applicable | 30.00 | ACUITE A4 (Reaffirmed) |
| Proposed Non Fund Based | Not Applicable | Not Applicable | Not Applicable | 543.63 | ACUITE A4 (Reaffirmed) |

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

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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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