

## Press Release

### SKATE TRADES AND AGENCIES PRIVATE LIMITED

July 03, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 17.00 Cr.
<b>Long Term Rating</b>	ACUITE D

\* Refer Annexure for details

### Rating Rationale

Acuite has assigned long-term rating of '**ACUITE D**' (read as **ACUITE D**) on the Rs.17.00 crore bank facilities of SKATE TRADES AND AGENCIES PRIVATE LIMITED.

The Punjab-based, Skate Trades & Agencies Private Limited (STAPL) was incorporated in 2003 by Mr. Shiv Lal. The company operates a 3-star Resort named 'Drive Inn 22', situated on Ambala-Chandigarh highway. In FY2016, the company obtained its liquor license and is now engaged in wholesale and retail business of liquor. They have 22 wine shops in TaranTaran (Punjab). STAPL deals in both Indian Made Foreign Liquor (IMFL) and country liquor. The company is a registered distributor for United Spirits Limited, Pernod Ricard India Pvt Ltd and United Breweries.

### Key Rating Drivers

#### Strengths

- **Experienced management**

STAPL is promoted by Mr. Shiv Lal and is currently managed by his son, Mr. Gagan Doda. The company is a part of Gagan group of companies who have been in the breweries and distilleries business for more than three decades.

#### Weaknesses

- **Delay in debt servicing**

STAPL is availing term loan with an outstanding amount of Rs.7.37 crore. As informed by the banker and evidenced from the bank statements, there have been delays in serving principal and interest repayments of the term loans. There has been delay in servicing of debt obligation in the term loan repayment for the month of March 2018.

- **Average financial risk profile**

The financial risk profile is marked by low net worth of Rs.4.02 crore as on 31 March, 2017 as against Rs.3.68 crore as on 31 March, 2016. The gearing stood low at 12.56 times as on 31 March, 2017 as against 16.25 times as on 31 March, 2016. The total debt of Rs.50.50 crore outstanding as on 31 March, 2017 comprises of term loans from bank for construction of resort building of Rs. 9.97 crore and interest-free unsecured loans from directors/ relatives and group companies of Rs. 40.53 crore. The interest coverage ratio (ICR) stood at 1.45 times in FY2017 as against 1.38 times in FY2016. The net cash accruals stood at Rs.0.74 crore in FY2017 as against Rs.0.72 crore in FY2016. The NCA/TD stood at 0.01 times in both FY2017 and FY2016.

- **Highly regulated industry**

The company operates in a highly regulated industry. The movement of liquor between various states in India is subject to multiple tax laws and regulations, thus making sales beyond state boundaries are very difficult.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of STAPL to arrive at the rating.

## About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	57.53	66.62	1.56
EBITDA	Rs. Cr.	2.37	2.56	0.10
PAT	Rs. Cr.	0.62	0.66	0.02
EBITDA Margin	(%)	4.12	3.85	6.55
PAT Margin	(%)	1.08	1.00	1.57
ROCE	(%)	3.83	4.12	0.18
Total Debt/Tangible Net Worth	Times	12.56	16.25	18.73
PBDIT/Interest	Times	1.45	1.38	3.50
Total Debt/PBDIT	Times	21.20	23.06	553.03
Gross Current Assets (Days)	Days	12	50	653

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

CRISIL in its press release dated February 20, 2018 has moved the rating to 'Issuer not Co-Operating' category. The rating action contained in the release of CRISIL is as under; CRISIL has moved the ratings for the Rs.13.00 crore bank facilities of Skate Trades & Agencies Private Limited to the 'Issuer Not Cooperating' category. The rating is now denoted as [CRISIL D (ISSUER NOT COOPERATING; Downgraded from 'CRISIL B/ Stable')].

## Any other information

None

## Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.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)

Not Applicable

## \*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 loans	Not Applicable	Not Applicable	Not Applicable	7.37	ACUITE D
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	9.63	ACUITE D

## Contacts

Analytical	Rating Desk
<p>Suman Chowdhury President - Rating Operations Tel: 022-67141107 <a href="mailto:suman.chowdhury@acuite.in">suman.chowdhury@acuite.in</a></p> <p>Manmitha Sodhi Analyst - Rating Operations Tel: 022-67141133 <a href="mailto:manmitha.sodhi@acuiteratings.in">manmitha.sodhi@acuiteratings.in</a></p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a></p>

### About Acuité Ratings & Research:

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