

Press Release

Prabhu Steels

May 10, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	84.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	84.00	-	-

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 Minus**) on th Rs.84.00 Cr bank facilities of Prabhu Steels.

The rating is now an indicative rating as the issuer is not cooperating, and it is based on best available information. The rating has been downgraded on account of information risk.

About the Company

Kerala based, Prabhu Steels (PS) was established as a partnership firm in 1996. The entity is the sole authorized distributor of TATA Steels Limited products in Kerala. The products are mainly TMT Bars, Tubes, Sheets, Doors, and Windows. The partners of the firm are Mr. Manoj Prabhu and Mrs. Rajasree Prabhu.

About the Group

Kerala based, Prabhu Group (PG) comprises of Prabhu Steels (PS), Vitson Steel Corp Private Limited (VSCPL), Veeyem Distributors Private Limited (VDPL), and Promoten. PG is promoted by Prabhu Family since 1996. The group is the authorized distributor of steel products for TATA Steel Limited and JSW Steel Limited and Jindal Steel and Power Limited (JSPL) in multiple regions across Kerala.

Vitson Steel Corp Private Limited

Kerala based, Vitson Steel Corp Private Limited (VSCPL) was incorporated in 2012 as a private limited company. The entity is the authorized distributor of the JSW Steels Limited products such as JSW Neo Steel TMT Bars in Central & South Kerala. The directors of the company are Mr. Ramesh Prabhu and Mrs. Rajasree Prabhu.

Veeyem Distributors Private Limited

Kerala based, Veeyem Distributors Private Limited (VDPL) was incorporated in 2016 as a private limited company. The entity is the authorized distributor of JSW Steels Limited products such as JSW Neo Steel TMT Bars in North Kerala. The directors of the company are Mr. Manoj Prabhu, Mr. Ramesh Prabhu, and Mrs. Rajasree Prabhu.

Promoten

Kerala based Promoten was established in 2017 as a partnership firm and started its operations in 2019. The firm is an authorized distributor of Jindal Steel and Power Limited (JSPL) - TMT bars products in Kerala. The partners of the firm are Mr. Manoj Prabhu and Mrs. Rajasree Prabhu.

Non-cooperation by the issuer/borrower

Acuité 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.

Acuité believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with an 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 Acuité'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 has 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."

Material Covenants

None

Liquidity Position

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

Outlook:

Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	642.10	711.31
PAT	Rs. Cr.	7.86	6.25
PAT Margin	(%)	1.22	0.88
Total Debt/Tangible Net Worth	Times	1.51	1.61
PBDIT/Interest	Times	2.21	1.73

Status of non-cooperation with previous CRA

None

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>
- Complexity Level Of Financial Instruments: <https://www.acuite.in/view-rating-criteria-55.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.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
15 Feb 2022	Cash Credit	Long Term	15.00	ACUITE BBB- Stable (Reaffirmed)
	Inventory Funding	Long Term	7.50	ACUITE BBB- Stable (Reaffirmed)
	Bills Discounting	Long Term	6.00	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	30.50	ACUITE BBB- Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	2.50	ACUITE BBB- (Withdrawn)
	Channel Financing	Long Term	15.00	ACUITE BBB- Stable (Reaffirmed)
10 Feb 2021	Channel Financing	Long Term	7.50	ACUITE BBB- Stable (Reaffirmed)
	Channel Financing	Long Term	15.00	ACUITE BBB- Stable (Reaffirmed)
	Channel Financing	Long Term	15.00	ACUITE BBB- Stable (Reaffirmed)
	Inventory Funding	Long Term	7.50	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	30.50	ACUITE BBB- Stable (Reaffirmed)
	Channel Financing	Long Term	6.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	2.50	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
DBS Bank Ltd	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE BB+ Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE BB+ Downgraded Issuer not co-operating*
CITI Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	30.50	ACUITE BB+ Downgraded Issuer not co-operating*
Standard Chartered Bank	Not Applicable	Channel/Dealer/Vendor Financing	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE BB+ Downgraded Issuer not co-operating*
Axis Bank	Not Applicable	Inventory Funding	Not Applicable	Not Applicable	Not Applicable	Simple	7.50	ACUITE BB+ Downgraded Issuer not co-operating*
ICICI Bank Ltd	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	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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