

## Press Release

Skipper Limited

October 03, 2022

Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1300.00	-	ACUITE A2+   Reaffirmed
Bank Loan Ratings	650.00	ACUITE A-   Stable   Reaffirmed	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	1950.00	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	0.00	-	-

## Rating Rationale

Acuite has reaffirmed a long-term rating of '**ACUITÉ A-**' (read as **ACUITÉ A minus**) and short term rating of '**ACUITÉ A2+**' (read as **ACUITÉ A two plus**) on the Rs.1950.00 crore bank facilities of Skipper Limited (SL). The outlook is '**Stable**'.

The rating continues to reflect the sound business profile marked by its diversified revenue streams and established customer base which includes renowned government undertakings in the power sector, Indian railways, reputed EPC contractors and telecom companies. The scale of operation had witnessed improving trend during last 2FYs backed by rise in order flow in engineering division with improvement in performance of polymer division. The ratings also take into account the comfortable financial risk profile marked by healthy networth base, low gearing and modest debt protection metrics. However, the ratings are constrained by company's working capital intensive nature of operations with exposure to commodity risk.

## About the Company

Skipper Limited was incorporated in 1981 by the Kolkata based Bansal family. The company has a diversified business profile as SL has three business segments, viz. engineering, polymer and infrastructure. The engineering segment with capacities of 300,000 MTPA is into manufacturing of transmission tower, telecom towers, poles, distribution poles, angles, fasteners and railway structures. The revenue contribution from this segment is around 77 percent of total revenue. The polymer segment with manufacturing capacities of 51000 MTPA is into manufacturing of various kinds of UPVC pipes, CPVC pipes, SWR pipes which are used for plumbing and irrigation purpose and contributes to around 14 percent of total revenue. Third segment is EPC where company executes projects related to power transmission which contributes to the balance 9 percent. The company has four manufacturing units located in West Bengal and Assam. Presently, the company is managed by Mr Sajan Kumar Bansal and his sons, Mr. Sharan Bansal, Mr. Devesh Bansal and Mr. Siddharth Bansal.

## Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Skipper Limited to

arrive at this rating.

## Key Rating Drivers

### Strengths

#### Sound Business profile

Skipper Limited incorporated in 1981 by Bansal family as Skipper Investments Limited and engaged into manufacturing of poles and towers. Currently the company is managed by an experienced management which includes Mr. Sajan Kumar Bansal who has more than 3 decades of experience in same line of business and ably supported by his three sons and qualified personnel. The long track record of operations and expertise has enabled the company to enjoy dominant market share in T&D tower manufacturing business. The company has diversified its business through manufacturing of PVC pipes and executes certain EPC contracts. Presently company has a presence across 30 nations which include Asia, South American, Middle East and African nations. In FY22, the sale from overseas markets contributed to 23 percent of total revenue and 77 percent from domestic market. Further the company has an extensive distribution channel of 25,000 retail touch points in Eastern and Northeastern India for its polymer division. The company has a strong customer base which includes power transmission & distribution companies, EPC contractors, telecom companies and Indian Railways. SL caters to reputed companies such as Reliance Jio, Power Grid Corporation India Limited (PGCIL), Tata Projects among others.

#### Healthy order book

SL has a healthy existing order book of Rs 2097 Cr and Rs 10,000 Cr of orders are pipeline as on 30 June 2022. Nearly 86 percent of existing order book belongs to power transmission & distribution (T&D) sector out of which 39 percent of orders are from domestic power transmission & distribution companies and remaining 47 percent from export markets. The company had secured fresh orders of Rs 1648 Cr in FY22 as against Rs 875 Cr in FY21 because of increased order flow from overseas markets. The order flow from overseas markets stood at Rs 744 Cr in FY22 in comparison to Rs 288 Cr in FY21. In addition, the company has bagged fresh order worth of Rs 225 Cr in Q2FY23. Hence the outstanding order book provides near to medium term revenue visibility. The company is planning to diversify its presence through bidding for large volume of orders from developed market (currently company is pursuing international orders of Rs 4500 Cr out of the total orders in pipeline) which will further improve the order flow over the medium term.

#### Sustained revenue growth

The scale of operation has witnessed sustained improvement as the company has registered 7.98 percent of revenue growth in FY22 as against 13.74 percent in FY21 and 25.68 percent of degrowth in FY20. The improvement is driven by continuous increase in revenue contribution from polymer division on account of expansion of distribution channel along with introduction of new products in the plumbing segment. The healthy execution of orders led to increase in revenue from engineering division. Moreover, the company has registered a revenue of Rs 416 Cr in Q1FY23 as against Rs 274 Cr in Q1FY22 and Rs 220 Cr in Q1FY21. Acuité believes the scale of operation will continue to revenue growth over medium term backed by rise in order flow from overseas markets.

#### Healthy financial risk profile

The financial risk profile is marked by its strong net worth, low gearing ratio and modest debt protection metrics. The net worth of the company stood at Rs. 734 Cr. as on 31st March'2022 as compared to Rs 706 Cr. in the previous year. The gearing ratio of the company stood at 0.77 times in FY22 as against 0.62 times in FY21. The company's debt profile comprises 50 percent of long-term borrowing and remaining 50 percent of short term borrowing. TOL/TNW stood at 1.84 times in FY22 as against 1.71 times in FY21. Interest coverage and DSCR stood at 1.84 times and 1.12 times in FY22 as against 2.02 times and 1.21 times in FY21 respectively. The moderation in coverage ratio is on account of rise in financial cost due to rise in debt level. Rise in debt level is mainly on account of addition of fresh term loans. NCA/TD stood at 0.14 times in FY22 as against 0.15 times in FY21. Going forward, Acuité believes the financial risk

profile will improve over the medium term due to gradual repayment of term loans and absence of any large debt funded capex plan.

### **Stable profit margin**

The company has stable profit margin as EBITDA margin stood at 9.92 percent in FY22 as against 9.20 percent in FY21. Profitability margin of both engineering and polymer divisions had improved during FY22 because of fixed cost absorption and execution of fresh contracts where margins are higher in comparison old fixed price contract. Acuite expects the profit margin is likely to sustain at current level in FY23 because of correction in metal prices during H1FY23.

### **Weaknesses**

#### **Working capital intensive operations**

The operations of SL are working capital intensive as reflected in their Gross Current Asset (GCA) days of 288 days in FY22 as compared to 275 days in the previous year. The high GCA days are mainly on account of high unsold inventory of finished goods and stretched receivables from power transmission entities. Acuite expects the GCA days to hover around same levels over the medium term on account of the nature of operations of the entity.

#### **ESG Factors Relevant for Rating**

Environmental issues related to manufacturing of metal products industry is a key concern. GHG emissions, air pollutant emissions, material efficiency, environmental management, energy efficiency, waste management, green supply chain and water efficiency are significant environmental issues for this industry.

##### **Social**

Labor management issues, such as employee safety & development and employment quality, are a crucial risk in manufacturing of metal products industry. Furthermore, key material issues such as community support & development, data privacy & security, product quality & safety, human rights, equal opportunity and responsible procurement have a significant impact on the social scores for this industry.

#### **Rating Sensitivities**

- Significant improvement in coverage and leverage ratios backed by sustained improvement in profit margin
- Any deterioration in liquidity profile due to stretched receivable and high inventory level.

#### **Material covenants**

None

#### **Liquidity profile: Adequate**

The company has an adequate liquidity profile marked by low working capital utilization which stood at around 60 percent during last 12 months ended August 2022. Net cash accrual of the company stood at Rs 77 crore in FY22 as against current maturity of Rs 68 crore. However net cash accrual after adjustment of deferred tax stood at Rs 88.96 Cr in FY22. Going forward, the net cash accruals are expected to be in the range of Rs 90-100 Cr as against current maturity of around Rs. 57 Cr from FY23-FY24. The current ratio of the company stood comfortable at 1.27 times in FY22. However the company has high working capital requirement as GCA days stood at 288 days in FY22 as against 275 days in FY21. Acuite believes the liquidity position of the company will remain adequate backed by steady cash flow and accrual over the medium term.

#### **Outlook : Stable**

Acuité believes the outlook of SL will remain 'Stable' over the medium term backed by its long track record of operations, strong business profile, healthy order book and comfortable financial risk profile. The outlook may be revised to 'Positive' if the company is able to improve its coverage and leverage parameters significantly with sustained revenue growth. Conversely, the outlook may be revised to 'Negative' in case of a deterioration in its profitability margin or liquidity profile due to stretched working capital requirement.

### Other Factors affecting Rating

None

### Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	1708.12	1581.85
PAT	Rs. Cr.	28.61	21.08
PAT Margin	(%)	1.68	1.33
Total Debt/Tangible Net Worth	Times	0.77	0.62
PBDIT/Interest	Times	1.84	2.02

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

None

### Any other information

None

### Applicable Criteria

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

### Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
	Cash Credit	Long Term	40.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	19.34	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	69.30	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	75.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	10.49	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	27.20	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	27.00	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	100.00	ACUITE A2+ (Reaffirmed)

07 Jul 2021	Term Loan	Long Term	31.96	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	10.83	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	3.06	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	179.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	23.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	166.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	2.34	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	25.00	ACUITE A2+ (Reaffirmed)
	Proposed Bank Facility	Long Term	44.20	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	150.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	65.00	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	29.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	19.46	ACUITE A-   Stable (Reaffirmed)
		Short		
		Letter of Credit	Term	45.00
	Bank Guarantee	Short Term	75.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	75.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	84.00	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	65.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	94.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	240.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	8.32	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	25.00	ACUITE A-   Stable (Reaffirmed)

04 Dec 2020	Cash Credit	Long Term	65.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	4.50	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	124.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	23.51	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	150.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE A-   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	60.10	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE A-   Stable (Assigned)
	Bank Guarantee	Short Term	75.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	75.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	179.50	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	21.88	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	3.75	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	29.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	18.90	ACUITE A-   Stable (Assigned)
	Bank Guarantee	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	240.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	75.00	ACUITE A-   Stable (Assigned)
	Bank Guarantee	Short Term	166.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	32.81	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	94.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	65.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE A-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE A2+ (Reaffirmed)



	Letter of Credit	Short Term	25.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	38.05	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	45.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	100.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	75.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	23.00	ACUITE A2+ (Reaffirmed)
26 May 2020	Cash Credit	Long Term	425.00	ACUITE A-   Stable (Assigned)
	Bank Guarantee	Short Term	959.50	ACUITE A2+ (Assigned)
	Proposed Term Loan	Long Term	45.00	ACUITE A-   Stable (Assigned)
	Proposed Bank Facility	Long Term	119.43	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	134.07	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	267.00	ACUITE A2+ (Assigned)



## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Indian Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A2+   Reaffirmed
Canara Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	40.50	ACUITE A2+   Reaffirmed
Indian Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	240.00	ACUITE A2+   Reaffirmed
Bank of Baroda	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	94.00	ACUITE A2+   Reaffirmed
Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	75.00	ACUITE A2+   Reaffirmed
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE A2+   Reaffirmed
Punjab National Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	199.50	ACUITE A2+   Reaffirmed
Union Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	166.00	ACUITE A2+   Reaffirmed
Exim Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	100.00	ACUITE A2+   Reaffirmed
Canara Bank	Not Applicable	Cash Credit	31-08-2020	Not Applicable	Not Applicable	25.00	ACUITE A-   Stable   Reaffirmed
Indian Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	40.00	ACUITE A-   Stable   Reaffirmed
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE A-   Stable   Reaffirmed
Indian Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	84.00	ACUITE A-   Stable   Reaffirmed
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	24.00	ACUITE A-   Stable   Reaffirmed
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A-   Stable   Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	125.00	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	67.00	ACUITE A-   Stable   Reaffirmed

Canara Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	21.00	ACUITE A2+   Reaffirmed
Indian Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	65.00	ACUITE A2+   Reaffirmed
Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE A2+   Reaffirmed
Bank of Baroda	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	45.00	ACUITE A2+   Reaffirmed
Union Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	29.00	ACUITE A2+   Reaffirmed
Punjab National Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	80.00	ACUITE A2+   Reaffirmed
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	60.00	ACUITE A2+   Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.03	ACUITE A-   Stable   Reaffirmed
Bank of India	Not Applicable	Term Loan	31-05-2021	8.35	30-04-2026	7.45	ACUITE A-   Stable   Reaffirmed
State Bank of India	Not Applicable	Term Loan	31-03-2021	7.950	31-03-2025	24.19	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Term Loan	31-03-2021	8.35	31-03-2025	9.62	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Term Loan	30-09-2023	8.0	30-06-2029	37.50	ACUITE A-   Stable   Reaffirmed
Union Bank of India	Not Applicable	Term Loan	30-06-2022	7.80	30-06-2029	20.11	ACUITE A-   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Term Loan	30-09-2020	8	30-09-2028	60.40	ACUITE A-   Stable   Reaffirmed
Indian Bank	Not Applicable	Term Loan	31-03-2021	7.50	31-03-2025	22.39	ACUITE A-   Stable   Reaffirmed
State Bank of India	Not Applicable	Term Loan	31-12-2015	8.85	31-03-2024	7.50	ACUITE A-   Stable   Reaffirmed
Indian Bank	Not Applicable	Term Loan	31-12-2018	7.450	31-03-2024	9.70	ACUITE A-   Stable   Reaffirmed
IDFC First Bank Limited	Not Applicable	Term Loan	30-03-2018	8.70	30-09-2023	12.78	ACUITE A-   Stable   Reaffirmed
HDFC Bank	Not	Term Loan	31-03-2018	9.25	31-03-2024	11.33	ACUITE A-   Stable



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### About Acuité Ratings & Research

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