

Press Release

Suria Steeltech Private Limited (Erstwhile Tms Engineers Private Limi

May 16, 2023



Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	45.00	ACUITE D Downgraded	-
Total Outstanding Quantum (Rs. Cr)	45.00	-	-

Rating Rationale

Acuite has downgraded its long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs.45.00 Crore bank facilities of Suria Steeltech Private Limited (SSPL).

Rationale for Downgrade

Rating downgrade factors in the written feedback received from banker confirming asset categorization is SMA-0 for Cash Credit & all Term Loan of SSPL.

About the Company

Incorporated in 2013, TMS Engineers Private Limited is a Pune based company engaged in fabrication & supply of Hopper AQC Boiler, Steel Structures etc. The company is currently led by Mr. Tanaji Sampatrao Kadam, Mr. Laxman Pandurang Kokale, Mr. Eknath Raosaheb Pawar and Ms. Aishwarya Eknath Pawar.

Analytical Approach

Acuite has considered the standalone financial and business risk profile of SURIA STEELTECH PRIVATE LIMITED.

Key Rating Drivers

Strengths

Established track record and experienced management

The management of company has vast experience in the aforementioned line of business. The company is currently led by Mr. Tanaji Sampatrao Kadam, Mr. Laxman Pandurang Kokale, Mr. Eknath Raosaheb Pawar and Ms. Aishwarya Eknath Pawar. The experience of the management has helped the company to maintain a longstanding relationship with its customers and suppliers. The company has reported an increase in revenue of Rs.22.77 Crore in FY22 as against Rs.13.27 Crore in FY21.

Weaknesses

Working Capital Intensive Nature of company

The working capital operations of the company are intensive marked by GCA days of 689 days in FY22. The inventory days of the company at 555 days' in FY22 against 390 days in FY21. The inventory days of the company is on higher side on an account of delay in execution of

the project on client's end. However, the debtor days of the company stood at 100 days in FY22 against 121 days in FY21. On the other hand, the creditors days of the company is at 353 days in FY22 against 320 days in FY21. However, the current ratio of the company stood at 1.16 times in FY22. Acuite believes that working capital operations of the company may continue to remain intensive considering the nature of business.

Below average Financial Risk Profile

The financial Risk Profile of the company characterised by reporting losses in FY22, which had also impacted the net worth of the company which stood at Rs.9.43 Crores in FY22 against Rs.10.29 Crores in FY21. The company has reported high gearing ratio of 7.75 times in FY22 against 7.49 times in FY21. Further, the coverage indicators of the company remained in line over the years with interest coverage ratio of 1.75 times in FY22 against 1.71 times in FY21 and debt service coverage ratio stood at 1.73 times in FY22 against 1.67 times in FY21. Acuite' believes that financial risk profile may continue to remain below average with low profits and higher reliance on short term borrowings.

Delay in repayment of Term Loan

The banker has given the written feedback stating an asset categorization as SMA-0 for Cash Credit and all the term loans availed by SSPL.

Rating Sensitivities

Timely repayment of debt obligation.

Material covenants

None.

Liquidity Position

Poor

The liquidity profile of the company is poor as the company was not able to service its debt obligation on time and is categorized as SMA-0 with bank. The average bank limit utilisation of the company stood at 82.09% for last nine months ended May 2022.

Outlook

Not applicable.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	22.77	13.27
PAT	Rs. Cr.	(0.86)	0.02
PAT Margin	(%)	(3.78)	0.17
Total Debt/Tangible Net Worth	Times	7.75	7.49
PBDIT/Interest	Times	1.75	1.71

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

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

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <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

In order to inform the investors about complexity of instruments, Acuité 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
09 Feb 2023	Proposed Term Loan	Long Term	2.96	ACUITE B+ Stable (Assigned)
	Term Loan	Long Term	28.79	ACUITE B+ Stable (Assigned)
	Cash Credit	Long Term	13.25	ACUITE B+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Abhyudaya Cooperative Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	13.25	ACUITE D Downgraded
Not Applicable	Not Applicable	Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	2.96	ACUITE D Downgraded
Abhyudaya Cooperative Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	28.79	ACUITE D Downgraded

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Depanshi . Analyst-Rating Operations Tel: 022-49294065 depanshi.mittal@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.