

**Press Release**  
**SKP MERCHANTS PRIVATE LIMITED**  
**June 06, 2025**  
**Rating Downgraded & Withdrawn**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE BB+   Downgraded & Withdrawn	-
Bank Loan Ratings	20.00	-	ACUITE A4+   Downgraded & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	35.00	-	-

**Rating Rationale**

Acuite has downgraded and withdrawn its long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 35.00 crore bank facilities of SKP Merchants Private Limited (SKPMPL). The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company and No Objection Certificate received from the banker.

**Rationale for downgrade**

The rating downgrade takes into account the continuous decline in the operating margins of SKPMPL over the past three years. The rating also takes into account the deterioration in the financial risk profile on account of increase in the working capital debt of the company, however, remains moderate. Moreover, the rating draws comfort from established track record of the company leading to improvement in the operating revenues and efficient working capital operations of the company.

**About the Company**

Incorporated in 2022, Kolkata based, SKP Merchants Private Limited (SKPMPL) is involved in both domestic and international trade, dealing of ferro alloys, minerals and metals. The company started operations in 2015 under LLP structure and later converted to a Private Limited company. The company deals in products like ferro silicon, ferro manganese, silico manganese, nobel alloys, coal, coke and related items. Mrs. Neha Patni and Mrs. Naina Patni are the promoters of the company and have an experience of around a decade in managing the operations of the company.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of SKPMPL while arriving at the rating.

**Key Rating Drivers**

**Strengths**

## **Established track record and experienced management**

The company is promoted by Mrs. Neha Patni and Mrs. Naina Patni who hold an experience of around 10 years in this business. The experience of the promoters and established track record of the company has helped them to build strong relationships with their customers and suppliers. Therefore, the operating revenue of the company increased to Rs. 774.68 Cr. in FY2024 from Rs. 659.37 Cr. in FY2023. Further, supported by increasing volumes, the company has reported an operating revenue of Rs. 1,017.84 Cr. in FY2025.

Acuité believes that the long operational track record and experience of the management shall support the business risk profile.

## **Efficient working capital operations**

The working capital operations of the company continue to remain efficient as evident from the gross current assets (GCA) of 56 days on March 31, 2024 (53 days on March 31, 2023). The GCA days are driven by inventory days which stood at 17 days and debtor days which stood at 33 days on March 31, 2024 (18 days and 25 days respectively on March 31, 2023). The company usually maintains an inventory stock of 3 weeks, however, the marginal elongation in debtor days in FY2024 led to increase in working capital requirements during the year. The creditor days also stood low at 8 days on March 31, 2024 as against 6 days on March 31, 2023.

## **Moderate financial risk profile**

The tangible networth stood at Rs.70.82 Cr. on March 31, 2024 as against Rs. 61.13 Cr. on March 31, 2023. The gearing continues to remain low at 0.51 times on March 31, 2024 (0.33 times on March 31, 2023). Moreover, the increase in the working capital limits coupled with decline in the overall EBITDA levels has elevated the Debt-EBITDA levels to 1.99 times on March 31, 2024 from 0.91 times on March 31, 2023.

## **Weaknesses**

### **Declining profitability margins**

The operating margins of the company have been declining for the past three years due to slowdown in the industry leading to falling realisation prices of ferro alloys. The EBITDA margin stood declined to 2.32 percent in FY2024 from 3.27 percent in FY2023 and 6.21 percent in FY2022. Also, the company's strategy to expand business in new geographies and offering discounts to attract new consumers has affected the margins.

Further, in FY2025 the operating revenue of the company is estimated to be at Rs.1,017.84 Cr, however, the operating margins continue to decline, stood at ~1.45 percent for FY2025.

### **Volatility in commodity realisations**

The company deals in commodities of ferro alloys, realization prices of which are volatile to several market dynamics such as supply chain disruptions, fluctuating demand from the steel industry, energy costs and geopolitical influences. Therefore, any significant reduction in the demand and prices will adversely impact the profitability of the company.

## **Rating Sensitivities**

Not Applicable

## **Liquidity Position**

### **Adequate**

The liquidity position of SKPMPL is adequate with generation of net cash accruals (NCAs) of Rs. 11.00 Cr. against maturing repayment obligations of Rs. 0.47 Cr. in FY2024. Further, in FY2025 the company is estimated to have generated cash accruals of ~Rs 6.70 Cr. Also, the current ratio stood healthy at 2.00 times on March 31, 2024 and the company had an unencumbered cash and bank balance of Rs. 4.56 Cr. on March 31, 2024. However, the average bank limit utilization stood high at 92.93 percent for the last six months ended April 2025.

## **Outlook: Not Applicable**

## **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	774.68	659.37
PAT	Rs. Cr.	9.69	13.45
PAT Margin	(%)	1.25	2.04
Total Debt/Tangible Net Worth	Times	0.51	0.33
PBDIT/Interest	Times	5.67	9.03

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

Not Applicable

### Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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](http://www.acuite.in).

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Mar 2024	Letter of Credit	Short Term	20.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	15.00	ACUITE BBB-   Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
City Union Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+   Downgraded & Withdrawn ( from ACUITE BBB- )
City Union Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A4+   Downgraded & Withdrawn ( from ACUITE A3 )

## Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Kruti Patel Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticsupport@acuite.in">analyticsupport@acuite.in</a>

### 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](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.