

Press Release

Swastik Pipe Limited

October 15, 2019

Ratings

Instrument/ Facility	Amount (Rs. crore)	Rating	Rating Action*
Long Term Fund Based Facilities - Cash Credit	118.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook) Issuer Not Cooperating	Moved to Issuer Not Cooperating and revised from IVR BBB/Stable Outlook on the basis of best available information
Short Term Non-Fund Based Facilities – LC/BG	70.00	IVR A3 (IVR A Three) Issuer Not Cooperating	Moved to Issuer Not Cooperating and revised from IVR A3+ on the basis of best available information
Long Term Debt – Term Loan	12.00 (including proposed term loan of Rs.8.50 crore)	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook) Issuer Not Cooperating	Moved to Issuer Not Cooperating and revised from IVR BBB/Stable Outlook on the basis of best available information
Total	200.00		

*Issuer did not cooperate; based on best available information

Details of Facility are in Annexure 1

Detailed Rationale and Key Rating Drivers

Availability of information from the client is a key factor in the assessment of credit risk. However, no operational or financial information has been provided by the company. Based on information available at the time of last review/surveillance, the ratings have been migrated to 'IVR BBB- ISSUER NOT COOPERATING'. In line with the extant SEBI guidelines, Infomerics has reviewed the rating on the basis of the best available information which however, in Infomerics's opinion is not sufficient to arrive at a fair rating.

Non-cooperation by Issuer

We have repeatedly followed up with the entity to provide the latest data & annual reports for FY18 and FY19 for annual surveillance, vide mails dated September 10, 2019, September 12, 2019, September 16, 2019, and September 18, 2019 and concurrently over several phone calls. However, despite repeated requests, the company has failed to submit the relevant details.

Further the company has failed to submit NDS dated 1st September 2019 and 1st October 2019. In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics has to rate the clients based on the available information. Accordingly, the long term and short term rating for the bank loan facilities of Swastik Pipe Limited of Rs.200.00 crore shall be moved to the ‘ISSUER NOT COOPERATING’ category by Infomerics. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

Analytical Approach & Applicable Criteria

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation – (Non-financial Sector)

Guidelines on what constitutes Non-Cooperation by clients

About the Company

Swastik Pipe Ltd (SPL), incorporated in 1973, is an established pipe manufacturing company in India. The company manufactures wide varieties of Mild Steel/Carbon Steel ERW Black and Galvanized Pipes/ Tubes, which have a diversified industrial use such as for irrigation & sewage, water supply & plumbing, oil & gas and automobiles. The company sells all its products under its registered brand “T.T. Swastik”. The company has its corporate office in New Delhi and manufacturing facilities at Jhajjar (Haryana) and Mathura (Uttar Pradesh). Both the facilities are ISO 9001:2000 certified and APIQ1 (quality management system) approved.

Financials (Standalone)*

(Rs. Crore)

For the year ended / As on	31-03-2017	31-03-2018
	Audited	Provisional
Total Operating Income	630.53	667.92
EBITDA	32.02	32.57
PAT	4.46	5.32
Total Debt	129.66	117.13
Tangible Net Worth	84.14	90.11
<u>Ratios</u>		
a. EBITDA Margin	5.08	4.88
b. PAT Margin	0.71	0.80
c. Overall Gearing ratio	1.54	1.30

*Classification as per Infomerics’ standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating*	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Fund Based Limits – CC	Long Term	118.00	IVR BBB-/Stable Outlook; Issuer Not Cooperating	IVR BBB/Stable Outlook (August 9, 2018)	--	--
2.	Non-Fund Based Facilities – LC/BG	Short Term	70.00	IVR A3; Issuer Not Cooperating	IVR A3+ (August 9, 2018)		
3.	Long Term Debt – Term Loan	Long Term	12.00	IVR BBB-/Stable Outlook; Issuer Not Cooperating	IVR BBB/Stable Outlook (August 9, 2018)	--	--

**Issuer did not cooperate; based on best available information*

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company’s long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an ‘as is where is’ basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Facility Size (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facilities - Cash Credit	-	-	-	118.00	IVR BBB-/Stable Outlook; Issuer Not Cooperating
Short Term Non-Fund Based Facilities - LC/BG	-	-	-	70.00	IVR A3; Issuer Not Cooperating
Long Term Debt - Term Loan	-	-	-	12.00	IVR BBB-/Stable Outlook; Issuer Not Cooperating

**Issuer did not cooperate; based on best available information*