

SEPTEMBER 02, 2015

CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF SKIPPER LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	341.63 (enhanced from 308.51)	CARE A+ (Single A Plus)	Revised from CARE A- (Single A Minus)
Long /Short-term Bank Facilities	960.00 (enhanced from 710.00)	CARE A+ / CARE A1 (Single A Plus / A One)	Revised from CARE A- / CARE A2 (Single A Minus/ A Two)
Total Facilities	1,301.63 (Rupees One Thousand Three Hundred One crore and Sixty Three lakhs only)		

Rating Rationale

The revision in the ratings assigned to the bank facilities of Skipper Ltd (SL) takes into account better-than-expected improvement in profitability & capital structure in FY15 (refers to the period April 1 to March 31) and Q1FY16, and increasing order book position in domestic & export markets. The above ratings continue to draw strength from the experience of the promoters, revenue visibility from high margin orders received in engineering products division, strategic location of the plants and reputed clientele. The ratings, however, continue to be constrained by the working capital intensive nature of operations and dependence on the growth of the infrastructure sector.

Timely execution of the contracts and realization of receivables thereof, maintenance of capital structure and profitability and undertaking any debt funded capital expenditure in the medium term would remain the key rating sensitivities.

Background

SL, promoted by Mr. Sajan Kumar Bansal of Kolkata, was incorporated in May 1981. SL is engaged in manufacturing of engineering products (transmission and distribution towers for power sector), PVC pipes, and infrastructure projects. Engineering products (with an installed capacity of 1,75,000 MTPA) is the major contributor to the revenue of the company (accounting for 90% of net sales in FY15).

SL has three manufacturing units located in Andulmouri and Uluberia in Howrah, West Bengal. SL has backward integration in the form of its own manufacturing facilities for hot rolled products and nut bolts.

The Board of SL comprises four members from the promoter's family and four independent directors with rich industry experience.

During FY15, SL earned a PBILDT of Rs.187.24 crore (excluding other operational income of Rs.42.0 crore towards the derivative gains realised. The same has been considered as non-operating income) (Rs.119.59 crore in FY14) and a PAT of Rs.89.17 crore (Rs.26.91 crore in FY14) on total operating income of Rs.1,274.23 crore (Rs.1,042.88 crore in FY14). Furthermore during Q1FY16 earned a PBILDT of Rs.35.96 crore and a PAT of Rs.10.02 crore on total operating income of Rs.236.66 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

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