

Supergard Steels Private Limited

April 12, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	10.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING* (Single B Minus ; Outlook: Stable/ A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable / CARE A4; (Single B ; Outlook: Stable / A Four)
Total Facilities	10.00 (Rs. Ten Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 24, 2020, placed the rating of Supergard Steels Private Limited under the 'issuer non-cooperating' category as SSPL had failed to provide information for monitoring of the rating. SSPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated March 15, 2021, March 12, 2021, March 11, 2021 and March 10, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Detailed description of the key rating drivers

The long-term rating has been revised by taking into account non-cooperation by SSPL with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. The rating assigned to SSPL continues to remain constrained due to small scale of operations, weak overall solvency position, susceptible to volatility in material prices and foreign exchange rates and presence in highly competitive & fragmented industry. However, the rating derives strength from experienced partners.

Key Rating Weaknesses

Small scale of operations

The company's scale of operations has remained small marked by Total Operating Income (TOI) of Rs. 12.58 crore in FY20 (PY: 1.09 crore in FY19).

Weak overall solvency position

The capital structure of the company remained leveraged with overall gearing ratio of 12.18x, as on March 31, 2020 (PY:17.63x in FY19).

Furthermore, the debt coverage indicators also stood weak marked by total debt to GCA at 31.10x and interest coverage ratio at 1.30x for FY20 (PY: 17.17x and 1.04x, respectively).

Susceptible to volatility in material prices and foreign exchange rates

The profit margins are susceptible to the volatile prices of raw material viz. PPGL Coil which is prepared by combining zinc coated steel sheets and 55% aluminum, and the prices of steel and other metals keeps on fluctuating. However, the risk is comparatively low as any fluctuation in raw material price will be passed on to the customers. Thus, the profitability is marginally susceptible to the fluctuations in the raw material prices. The company doesn't undertake any hedging activities for the same and but gets the benefits from the natural hedging.

Presence in highly competitive & fragmented industry

SSPL operates in a highly fragmented market marked by the presence of a large number of players in the unorganized sector, which accounts for high share of the total domestic turnover. The industry is characterized by low entry barriers due to low technological inputs and easy availability of standardized machinery for the

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

*Issuer did not cooperate; Based on best available information

production further intensifies the competition in the market. Since the industry is highly competitive, further it has low bargaining power and as a result the company has to follow a competitive price strategy.

Key Rating Strengths

Experienced partners

SSPL is founded by Mr. Pardeep Kumar Aggarwal, Mr. Sudhir Singla and Ms. Mansi Kumar. The directors are well experienced in this industry through association with various other businesses engaged in same line of business and holding average experience of two decades.

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Rating Outlook and Credit Watch'](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology- manufacturing companies](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short term instruments](#)

[Liquidity analysis of Non-financial sector entities](#)

About the company

Supergard Steels Private Limited (SSPL) was incorporated on August 10, 2018 as a private limited company by Mr. Pardeep Kumar Aggarwal, Mr. Sudhir Singla and Ms. Mansi Kumar to setup the business of manufacturing color coated roofing sheets, metal wall claddings and other accessories. The plant has been set-up at Barwala district, Haryana admeasuring about 10,000 square feet with an installed capacity of 7200 metric tonnes per annum (6000 metric tonnes of color coated roofing sheets and 1200 metric tonnes of metal wall claddings).

Brief Financials (Rs. crore)	31-03-2019	31-03-2020
	A	A
Total operating income	1.09	12.58
PBILDT	0.13	0.99
PAT	-0.01	0.09
Overall gearing (times)	17.63	12.18
Interest coverage (times)	1.04	1.30

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	-	-	-	10.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	10.00	CARE B-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable / CARE A4; ISSUER NOT COOPERATING* (24-Feb-20)	1)CARE B+; Stable / CARE A4 (26-Feb-19)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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