

FEBRUARY 02, 2016

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF SCAN STEELS LIMITED

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities (Term Loan)	40.07	CARE D (Single D)	Revised from CARE B+ (Single B Plus)
Long-term Bank Facilities (Cash Credit)	160.00	CARE D (Single D)	Revised from CARE B+ (Single B Plus)
Short-term Bank Facilities (Non-fund Based)	32.50	CARE D (Single D)	Revised from CARE A4 (A Four)
Total Facilities	232.57 (Rupees Two Hundred and Thirty Two crore and Fifty Seven lakh only)		
Public Fixed Deposit	9.92 (Rupees Nine crore and Ninety Two lakh only)	CARE D (FD) {Single D} (Fixed Deposit)	Revised from CARE B+ (FD) (Single B Plus)

Rating Rationale

The aforesaid revision in the ratings of Scan Steels limited (SSL) takes into account the on-going delays in servicing of debt servicing on account of stressed liquidity position of the company. The ability of the company to improve its liquidity and regularize its debt servicing will be the key rating sensitivity.

Background

SSL belonging to the Gadodia family of Orissa, is engaged in the manufacturing of sponge iron (2,10,000 MTPA), ingots (1,16,000 MTPA) & MS rod (58,000 MTPA). SSL also has a captive power plant of 12 MW, which partially meets its power requirement.

Post-merger with Clarus Infrastructure Realities Ltd. (CIRL), SSL has become a public limited listed company. The Board comprises a member from the promoters' family (Mr. Rajesh Gadodia) and three professionally qualified directors. The Gadodia family owns a few companies with established presence in steel sector in Eastern India.

In FY15 (refers to the period between April 1 and March 31), SSL reported PAT of Rs. 2.68 crore (loss of Rs. 19.46 crore in FY14) on a total operating income of Rs. 450.17 crore (Rs. 426.42 crore in FY14).

In H1FY16, SSL reported a loss of Rs. 21.22 crore on a total operating income of Rs. 163.78 crore.

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

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

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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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CIN - L67190MH1993PLC071691