

May 04, 2016

CARE ASSIGNS 'CARE BBB-/CARE A3' RATINGS TO BANK FACILITIES OF SWASTIK PIPE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long term Bank Facilities	24.00	CARE BBB- (Triple B Minus)	Assigned
Short term Bank Facilities	1.00	CARE A3 (A Three)	Assigned
Total Facilities	25.00 (Rupees twenty five crore only)		

Rating Rationale

The ratings assigned to the bank facilities of Swastik Pipe Ltd (SPL) derive strength from the extensive experience of the promoters and its long track record of operations in the steel pipe industry with an established brand name. The ratings also factor in SPL's moderate financial risk profile, its diversified product portfolio and client base.

These ratings strengths are, however, partially offset by limited value addition in its finished product leading to low profitability margins, its working capital intensive nature of operations and cyclicity associated with the steel industry.

Going forward, SPL's ability to achieve the envisaged revenue and profitability and effectively manage its working-capital requirements and debt protection metrics would be the key rating sensitivities

Background

Swastik Pipe Limited (SPL) was incorporated in 1973 and is primarily engaged in the production of ERW (Electric Resistance Welded) pipes and CR Sheets & coils for automobiles, infrastructure and water transportation purposes. SPL is promoted by Mr D N Bansal, son in law of Mr B C Jindal. SPL has two manufacturing plants located in Bahadurgarh (Haryana) and Kotwan (Uttar Pradesh) with a capacity of 1,25,000 pipes and 2,00,000 MT of CR coils/ strips.

The company manufactures and sells its pipes in the domestic and export market under the banner of T.T Swastik Brand. The company's product portfolio includes black and galvanized steel tubes and pipes, CR Coils, CR Sheets, HRPO coils, HRPO sheets. The company markets its products through a mix of dealer network and sales to EPC contractor/institution sales.

During FY15 (refers to the period April 01 to March 31), SPL has reported total operating income of Rs.685.74 crore with PAT of Rs.3.59 crore. Also, during 9MFY16 (provisional), the company has reported total operating income of Rs.466.64 crore.

Analyst Contact

Name: Mr Sudhir Kumar

Tel: 011-45333232

Email: sudhir.kumar@careratings.com

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**

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.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

CONTACT

Head Office Mumbai

Mr. Saikat Roy

Mobile: + 91 98209 98779

 E-mail: saikat.roy@careratings.com
Mr. Amod Khanorkar

Mobile: + 91 98190 84000

 E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Mehul Pandya

 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

 E-mail: mehul.pandya@careratings.com

BENGALURU

Mr. Deepak Prajapati

 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

 E-mail: deepak.prajapati@careratings.com

CHANDIGARH

Mr. Sajan Goyal

 2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

 Email: sajan.goyal@careratings.com

CHENNAI

Mr. V Pradeep Kumar

 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

 Email: pradeep.kumar@careratings.com

COIMBATORE

Mr. V Pradeep Kumar

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

 Email: pradeep.kumar@careratings.com

HYDERABAD

Mr. Ramesh Bob

 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

 E-mail: ramesh.bob@careratings.com

JAIPUR

Mr. Nikhil Soni

 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

 E-mail: nikhil.soni@careratings.com

KOLKATA

Ms. Priti Agarwal

 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

 E-mail: priti.agarwal@careratings.com

NEW DELHI

Ms. Swati Agrawal

 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

 E-mail: swati.agrawal@careratings.com

PUNE

Mr. Pratim Banerjee

 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

 E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691