

Splendid Metal Products Limited

December 27, 2017

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	1701.84	CARE D; Issuer not cooperating (Single D)	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	269.13	CARE D; Issuer not cooperating (Single D)	Issuer not cooperating; Based on best available information
Total	1,970.97 (Rupees One Thousand Nine Hundred Seventy crore and Ninety Seven lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking for information from Splendid Metal Products Limited to monitor the ratings vide e-mail communications dated 21st June 2017, 6th November 2017 and 16th November 2017 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. CARE's rating on Splendid Metal Products Limited's bank facilities and/or instruments will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

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

Detailed description of the key rating drivers

At the time of last rating on December 23, 2017 the following were the rating strengths and weaknesses.

Key Rating Weaknesses

Stretched liquidity position with ongoing delays in debt servicing

During FY17, liquidity position of the company continued to remain stretched on account of slower realization from debtors. Given the slow realization of debtors has resulted in stretched liquidity position of the company leading to ongoing delays in meeting debt obligation.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)
[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Rating Methodology-Wholesale Trading](#)
[Financial ratios – Non-Financial Sector](#)

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

About the Company

SMPL belongs to the Hyderabad-based Sujana group. SMPL was incorporated in May 1988 under the name of Sujana Steel Re-Rolling Industries (P) Limited. The name of the company was later changed to Sujana Steels Private Limited in March 1992 and got converted into public limited company in April 1992 and changed the name to current nomenclature in November 2001. SMPL is engaged in trading of steel products and manufacturing of TMT bars & structural steel products at its facilities located at Hyderabad, Chennai and Vizag. Sujana group, promoted by Sri Y. S. Chowdhary, is a South India-based industrial house having about two decades of experience in the steel industry. The group is involved in manufacturing of Thermo Mechanical Treated (TMT) bars, Structural Steels, Galvanised Steel towers (used in power transmission & telecom sector) and steel trading through its companies; Sujana Universal Industries Ltd, Sujana Towers Ltd, etc. SMPL has total capacity of 1.07 million tons of different steel products.

Brief Financials (Rs. crore)	FY17 (A)
Total operating income	1300.13
PBILDT	-137.10
PAT	-341.75
Overall gearing (times)	8.48
PBILDT Interest coverage (times)	NM
PBIT Interest Coverage (times)	NM

A: Audited NM: Not Meaningful

Status of non-cooperation with previous CRA: Not Applicable

Any other information: NA

Rating History (Last three years): Please refer Annexure-2

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

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.

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/outlooks 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 /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

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
Fund-based - LT-Term Loan	-	-	-	1095.79	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits	-	-	-	606.05	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	269.13	CARE D; ISSUER NOT COOPERATING*

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	1095.79	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (30-Dec-16)	1)CARE D (30-Dec-15)	1)CARE D (06-Feb-15)
2.	Fund-based - LT-Working Capital Limits	LT	606.05	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (30-Dec-16)	1)CARE D (30-Dec-15)	1)CARE D (06-Feb-15)
3.	Non-fund-based - ST-BG/LC	ST	269.13	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (30-Dec-16)	1)CARE D (30-Dec-15)	1)CARE D (06-Feb-15)

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