

January 27, 2022

SKH Sheet Metals Components Private Limited: Continues to remain under issuer Non-Cooperating category, Rating downgraded based on best available information

Summary of rating action

| Instrument [^] | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|--|-----------------------------------|----------------------------------|--|
| Fund-based -Term Loan | 127.05 | 127.05 | [ICRA]B+(Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+ (Stable) and Continues to remain under issuer not cooperating category |
| Fund-based - Working Capital Facilities | 100.00 | 100.00 | [ICRA]B+(Stable)/[ICRA]A4; ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+ (Stable)/ [ICRA]A4+ and Continues to remain under issuer not cooperating category |
| Non-fund Based- Working Capital Facilities | 16.00 | 16.00 | [ICRA]B+(Stable)/[ICRA]A4; ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+ (Stable)/ [ICRA]A4+ and Continues to remain under issuer not cooperating category |
| Unallocated Limits | 56.95 | 56.95 | [ICRA]B+(Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+ (Stable) and Continues to remain under issuer not cooperating category |
| Total | 300.00 | 300.00 | |

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding SKH Sheet Metals Components Private Limited's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of noncooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with SKH Sheet Metals Components Private Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position, and rating sensitivities, Key Financial Indicators [Click here](#) ICRA is unable to provide the latest Information because of noncooperation by the entity.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable Rating Methodologies | Policy in respect of non-cooperation by the rated entity Corporate Credit Rating Methodology |
| Parent/Group Support | Not Applicable |
| Consolidation/Standalone | For arriving at the ratings, ICRA has followed a limited consolidation approach; ICRA has considered the ongoing and expected future funding interchange between the investee entities (enlisted in Annexure-2) and SKH SMC in the ordinary course of business |

About the company

Incorporated in 2005, SKH SMC is engaged in manufacturing welded sheet metal parts and assemblies for various automotive OEMs and tier-I ancillaries. The company has three manufacturing facilities in Pune (Maharashtra), Binola (Haryana) and Chennai. The company is entirely held by the promoters of the Krishna Group, a leading automotive component supplier in the Indian market. The automotive business is split into two verticals of the metal division (SKH Metals Limited is the flagship concern) and the interiors division (Krishna Maruti Limited is the flagship concern). The SKH Group (the Metals Division of Krishna Group) was established in 2006, when Krishna Group acquired an existing sheet metals auto component manufacturer and renamed it as SKH Metals Ltd. Apart from automotive component manufacturing, the Group also has a presence in real estate, media and travel.

Status of non-cooperation with previous CRA:NA

Any other information: None

Rating history for past three years

| | Instrument | Current Rating (FY2022) | | | | Chronology of Rating History for the past 3 years | | |
|---|---|-------------------------|--------------------------|--------------------------------|--|---|-------------------------------|-------------------------|
| | | Type | Amount Rated (Rs. crore) | Amount Outstanding (Rs. Crore) | Date & Rating in | Date & Rating in FY2021 | Date & Rating in FY2020 | Date & Rating in FY2019 |
| | | | | | 27-Jan-2022 | 06-Oct-2020 | 03-Apr-19 | - |
| 1 | Fund-based -Term Loan | Long Term | 127.05 | 127.05* | [ICRA]B+ (Stable); ISSUER NOT COOPERATING | [ICRA]BB+ (Stable) ISSUER NOT COOPERATING | [ICRA]BBB- (Stable) | - |
| 2 | Fund-based - Working Capital Facilities | Long Term/ Short Term | 100.00 | - | [ICRA]B+ (Stable)/[ICRA]A4; ISSUER NOT COOPERATING | [ICRA]BB+ (Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING | [ICRA]BBB- (Stable)/ [ICRA]A3 | - |

| | | | | | | | | |
|---|---|-----------------------|-------|---|--|---|-------------------------------|---|
| 3 | Non-fund Based Working Capital Facilities | Long Term/ Short Term | 16.00 | - | [ICRA]B+ (Stable)/[ICRA]A4; ISSUER NOT COOPERATING | [ICRA]BB+ (Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING | [ICRA]BBB- (Stable)/ [ICRA]A3 | - |
| 4 | Unallocated Limits | Long Term | 56.95 | - | [ICRA]B+ (Stable); ISSUER NOT COOPERATING | [ICRA]BB+ (Stable) ISSUER NOT COOPERATING | [ICRA]BBB- (Stable) | - |

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|--------------------------------|----------------------|
| Term Loan | Simple |
| Fund based Working Capital | Simple |
| Non-fund Based Working Capital | Very Simple |
| Unallocated Limits | Not Applicable |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

| ISIN No | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (RS Crore) | Current Rating and Outlook |
|---------|---|-----------------------------|-------------|---------------|-------------------------|--|
| NA | Fund-based -Term Loan | - | - | - | 127.05 | [ICRA]B+((Stable); ISSUER NOT COOPERATING |
| NA | Fund-based - Working Capital Facilities | - | - | - | 100.00 | [ICRA]B+ (Stable)/[ICRA]A4; ISSUER NOT COOPERATING |
| NA | Non-fund Based Working Capital Facilities | - | - | - | 16.00 | [ICRA]B+ (Stable)/[ICRA]A4; ISSUER NOT COOPERATING |
| NA | Unallocated Limits | - | - | - | 56.95 | [ICRA]B+(Stable);ISSUER NOT COOPERATING |

Source: SKH Sheet Metals Components Private Limited

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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