

August 23, 2017

Steelfab Engineering Corporation

Summary of Rated Instruments

Instrument [#]	Rated Amount (in Rs. crore)	Rating Action
Fund-Based Limits	60.00	[ICRA]B+(Stable) ISSUER NOT COOPERATING*; Rating moved to the 'Issuer Not Cooperating' category

*Issuer did not cooperate; based on best available information

[#]Instrument details are provided in Annexure-1

Rating action

ICRA has moved the ratings for the Rs. 60.00 crore bank facilities of Steelfab Engineering Corporation (SEC) to the 'Issuer Not Cooperating' category. The rating is now denoted as "[ICRA] B+ (Stable) ISSUER NOT COOPERATING".

Rationale

The rating is based on limited cooperation from the entity since the time it was last rated in February 2016. As part of its process and in accordance with its rating agreement with Steelfab Engineering Corporation, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. However, despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite cooperation and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, the company's rating has been moved to the "Issuer Not Cooperating" category.

Key rating drivers

Credit strengths

- **Low execution risk as 85% of the project cost has been incurred** - The estimated cost of phase I of the project is Rs. 121.42 crore and completion is scheduled in December 2017. SEC has incurred a total cost 85% of total estimated cost till April 2017. The firm has completed the brickwork of both towers of the project. As the project is in advanced stages of development, it is less susceptible to cost and time over-run risks.
- **Favourable location of the project in proximity to basic amenities and well connected to Thane as well as Mumbai** - 'ANA Avant Garde' is located on the Western Freeway in Greater Borivali. The project is at a distance of 3 km from Dahisar and Mira Road railway stations. The proposed project is well connected by rail as well as by road to Mumbai and Thane and is in the vicinity of social infrastructure such as hospital, schools and shopping centres.

Credit weaknesses

- **High level of sales risk associated with the project considering the low level of bookings achieved till date and slowdown in the real estate sector** - SEC has received bookings for only 8% of the total saleable area of the project. Slowdown in demand and piled-up inventory in Mumbai coupled with intense competition from other projects in the vicinity, accentuate the sales risk further. Although the collection efficiency for booked flats has improved in recent months, the firm's ability to increase its bookings and thereby the advance inflow remains critical.
- **Re-financing risks on account of commencement of loan repayment in the near term and low bookings** - While the project completion is scheduled in December 2017, the loan repayment is scheduled to commence from March 2018, in three quarterly installments. The firm is exposed to re-financing risk on account of weak bookings and limited duration available for loan repayment to commence.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[Corporate Credit Rating – A Note on Methodology](#)

[ICRA Rating Methodology – Real Estate Entities](#)

About the company:

Promoted by Late Pramod Shah in 1970, Steelfab Engineering Corporation was originally engaged in designing, engineering, detailing, manufacturing, erecting, and cladding of pre-engineered buildings. In 1994, however, the promoters shifted these operations to other sister concerns and ventured into the real estate sector. The firm is currently managed by Mr. Jignesh P. Shah, Mr. Chirag P. Shah and Mrs. Jyoti P. Shah. The firm commenced development of its first independent real estate project under its division, ANA Realty, in January 2014. The project is proposed to include six residential towers and one commercial tower, and is proposed to be developed in phases. Phase I is proposed to comprise 176 flats in two towers of 22 floors each. The completion of phase I is scheduled by December 2017.

Key Financial Indicators (Audited)

	FY2016
Operating income (Rs. crore)	0.00
PAT / Concern share (Rs. crore)	0.00
OPBDIT/ OI (%)	0.00%
RoCE (%)	0.00%
Total Debt/ TNW (times)	1.07
Total Debt/ OPBDIT (times)	0.00
Interest coverage (times)	0.00
NWC/ OI (%)	19058%

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress); NWC: Net Working Capital

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years:

Table:

S.No	Name of Instrument	Current Rating (2017)		Chronology of Rating History for the past 3 years			
		Type	Amount outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2016	Date & Rating in FY2015	Date & Rating in FY2014
				August 2017	December 2015		
1	Term Loans	Long-term	60.00	[ICRA]B+ (Stable); Issuer Not Cooperating*	[ICRA]B+	Not rated	Not rated

*Issuer did not cooperate; based on best available information

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1
Details of Instrument

Name of the instrument	Date of issuance	Coupon rate	Maturity Date	Size of the issue (Rs. crore)	Current Rating and Outlook
Term Loan 1	Dec-2014	13.25%	September 2018	30.00	[ICRA]B+ (Stable); Issuer Not Cooperating*
Term Loan 2	Feb-2015	14.75%	September 2018	30.00	[ICRA]B+ (Stable); Issuer Not Cooperating*

*Issuer did not cooperate; based on best available information

Contact Details

Analyst Contacts

Subrata Ray

+91 22 6114 3408

subrata@icraindia.com

Suprio Banerjee

+91 22 61143443

supriob@icraindia.com

Rupa Pandey

+91 22 61143456

rupa.pandey@icraindia.com

Pragya Sharma

+91 22 61143454

pragya.sharma@icraindia.com

Relationship Contact

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

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

© Copyright, 2017, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



Registered Office

ICRA Limited

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office

Mr. Vivek Mathur

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai

Mr. L. Shivakumar

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata

Mr. Jayanta Roy

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai

Mr. Jayanta Chatterjee

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore

Mr. Jayanta Chatterjee

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad

Mr. L. Shivakumar

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune

Mr. L. Shivakumar

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad

Mr. Jayanta Chatterjee

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500