June 30, 2017

Skyline Millars Limited

Summary of rated instruments

Instrument^	**Rated Amount (in crore)**	**Rating Action**
Fund-based – Cash Credit	2.50	[ICRA]D; Reaffirmed
Fund-based – Term Loan	3.50	[ICRA]D; Reaffirmed
Total	**6.00**	

***Issuer did not co-operate; based on best available information.**
^Instrument details captured under Annexure-1

Rating action
ICRA has reaffirmed the long-term rating of [ICRA]D (pronounced ICRA D)[1] for the Rs. 6.00-crore[2] cash credit and term loan facilities of Skyline Millars Limited (SML or 'the company').

Rationale
The rating action is based on the best available information. As part of its process and in accordance with its rating agreement with Skyline Millars Limited, ICRA has been trying to seek information from the company so as to undertake a surveillance of the ratings, but despite repeated requests by ICRA, the company's management has remained non-cooperative. In the absence of requisite information, ICRA's Rating Committee has taken a rating view based on best available information. In line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, the company's rating is now denoted as: "[ICRA] D ISSUER NOT COOPERATING". The lenders, investors and other market participants may exercise appropriate caution while using this rating, given that it is based on limited or no updated information on the company's performance since the time it was last rated.

Key rating drivers

Credit strengths
- Experienced promoters with established track record of operations in the construction equipment business and in the development of real estate in Mumbai

Credit weaknesses
- Small scale of operations with significant de-growth being reported in revenues over the last two years; no prior experience of the company in manufacturing and selling concrete pipes and manhole system
- Heavy losses being incurred from FY2015 onwards on account of decline in scale of operations and high overhead expenses
- Fragmented nature of industry with various organised and unorganised players intensifying competition and exerting pressure on the profitability front

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[1] *For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications*
[2] *100 lakh = 1 crore = 10 million*

Description of key rating drivers:

Skyline Millars Limited currently operates out of three business segments: construction equipment; realty and manufacturing of concrete pipeline, manhole systems and precast products. The promoters of the group have an extensive track record in the construction equipment and real estate development business in Mumbai.

SML manufactures equipments which includes batching and mixing plants, asphalt plants, pan mixers, etc. which find application in the construction as well as glass industry. Due to an overall slowdown in the infrastructure sector, the company is currently engaged in servicing of old cranes and supplying spare parts for the construction equipments.

Further, SML had ventured into manufacturing of Reinforced Cement Concrete (RCC) pipes and manhole systems from December 2013 by setting up its manufacturing facilities in Wada, Maharashtra. However, limited experience of the company and its promoters in the manufacturing and selling concrete pipes and manholes systems coupled with small scale of operations and high overhead expenses in a highly fragmented industry, resulted in the company incurring losses at operational as well as net level since FY2014.

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

Links to applicable criteria:
Corporate Credit Ratings: A Note on Methodology
Rating Methodology for Construction Equipment Manufacturers

About the company:
Skyline Millars Limited was incorporated on November 28, 1919 by the Walchand Group in the name of ACME Manufacturing Company Limited. Mr. Ashok Patel acquired the shares from Walchand Group and took over the management of the company in 1972. Its name was changed to Millars India Limited on January 04, 2002 and later on changed to Skyline Millars Limited on October 23, 2007 after sale of 43% stake to the Skyline Group. The company currently operates out of three business segments which are construction equipment, realty and pipes. The manufacturing facility of the construction equipment unit is located in Umreth Gujarat wherein the company manufactures transit mixers, high speed pan mixers and batching and mixing plants. However the company is currently engaged in servicing of old cranes and supplying spare parts for the construction equipments. SML is currently developing a residential unit in Ghatkopar, Mumbai and a residential complex in Karjat. The company is also into the manufacturing of concrete pipes and manhole systems since December 2013 and has its manufacturing unit at Wada, Maharashtra.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years:

Table:

S. No	**Instrument**	**Current Rating**			**Chronology of Rating History for the past three years**		
		Type	**Amount Rated (Rs. crore)**	**Date & Rating**	**Date & Rating in FY2017**	**Date & Rating in FY2016**	**Date & Rating in FY2015**
				June 2017	**-**	**December 2015**	**August 2014**
1	Cash Credit	Long Term	2.50	**[ICRA]D**	**-**	**[ICRA]D**	**[ICRA]BB+ (Stable)**
2	Term Loan	Long Term	3.50	**[ICRA]D**	**-**	**[ICRA]D**	**[ICRA]BB+ (Stable)**

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
Instrument Details

Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
Cash Credit	-	-	-	2.50	[ICRA]D
Term Loan	Mar 2013	-	Dec 2019	3.50	[ICRA]D

Source: Skyline Millars Limited

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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.
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