

October 15, 2020

Sacheta Metals Limited: Moved to issuer not cooperating category, Rating downgraded based on best available information

Summary of rated instruments

Instrument [#]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term, Fund based limits	1.00	1.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable), and moved to 'Issuer Not Cooperating' category
Short Term, Fund based limits	10.00	10.00	[ICRA]A4 ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A4+, and moved to 'Issuer Not Cooperating' category
Short term, Non-fund based limits	6.20	6.20	[ICRA]A4 ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A4+, and moved to 'Issuer Not Cooperating' category
Short term, Interchangeable	(10.00)	(10.00)	[ICRA]A4 ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A4+, and moved to 'Issuer Not Cooperating' category
Total	17.20	17.20	

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

#Instrument details are provided in Annexure-1

Rationale

The ratings downgrade is because of lack of adequate information regarding Sacheta Metals 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 non-cooperation 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 Sacheta Metals 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.

The previous detailed rating rationale is available on the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Rating Methodology Policy in respect to non-cooperation by the rated entity
Parent/Group Support	Not applicable
Consolidation/Standalone	Standalone

About the company:

Incorporated in 1990 and promoted by Mr. Satish Shah, Sacheta Metals Limited (SML) is engaged in the manufacturing of aluminium sheets, coils, foils and aluminium utensils. The company's registered office and manufacturing unit are at Talod in Gujarat, with a total installed production capacity of 5,400 MTPA of aluminium sheets and 1,800 MTPA of aluminium utensils.

The company has recorded a net profit of Rs. 1.28 crore on an operating income of Rs. 97.80 crore for the year ending on March 31, 2020. This is against a net profit of Rs. 2.08 crore on an operating income of Rs. 98.07 crore for the year ended March 31, 2019

Key financial indicators (Audited)

	FY2019	FY2020
Operating Income (Rs. crore)	98.07	97.80
PAT (Rs. crore)	2.08	1.28
OPBDIT/OI (%)	5.08%	4.31%
RoCE (%)	6.84%	5.67%
Total Outside Liabilities/Tangible Net Worth (times)	0.77	0.75
Total Debt/OPBDIT (times)	3.59	4.26
Interest Coverage (times)	7.55	4.44
DSCR	6.29	3.83

*Source: bseindia.com

Status of non-cooperation with previous CRA

Not applicable

Any other information

Not applicable

Rating history for past three years

All figures in Rs. Crore

	Instrument	Current Rating (FY2021)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Rating	FY2020	FY2019	FY2018
					15 th October 2020	5 th April 2019	28 th February 2019	17 th August 2017
1	Demand Cash Credit	Long term	1.00		[ICRA]B+ (Stable) 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]BB (Stable); Removed from Issuer not cooperating category	[ICRA]BB (Stable) 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]BB (Stable)
2	EPC/PCFC	Short term	10.00		[ICRA]A4 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]A4+; Removed from Issuer not cooperating category	[ICRA]A4+ 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]A4+
3	EBD*	Short term	(10.00)		[ICRA]A4 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]A4+; Removed from Issuer not cooperating category	[ICRA]A4+ 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]A4+
4	Letter of Credit	Short term	6.00		[ICRA]A4 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]A4+; Removed from Issuer not cooperating category	[ICRA]A4+ 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]A4+
5	Forward exchange contract	Short term	0.20		[ICRA]A4 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]A4+; Removed from Issuer not cooperating category	[ICRA]A4+ 'ISSUER NOT COOPERATING'; Rating moved to Issuer not cooperating category	[ICRA]A4+

*sub-limit of PCFC, fully interchangeability between EPC and EBD facility

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

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Demand Cash Credit	-	-	-	1.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING
NA	EPC/PCFC	-	-	-	10.00	[ICRA]A4 ISSUER NOT COOPERATING
NA	EBD*	-	-	-	(10.00)	[ICRA]A4 ISSUER NOT COOPERATING
NA	Letter of credit	-	-	-	6.00	[ICRA]A4 ISSUER NOT COOPERATING
NA	Forward Exchange Contracts	-	-	-	0.20	[ICRA]A4 ISSUER NOT COOPERATING

*sub-limit of PCFC, fully interchangeability between EPC and EBD facility

Source: Sacheta Metals Limited

Annexure-2: List of entities considered for consolidated analysis – NA

Analyst Contacts

K. Ravichandran

+91 44 45964301

ravichandran@icraindia.com

Suprio Banerjee

+91 22 6114 3443

supriob@icraindia.com

Srinivas Menon

+91 22 6169 3354

srinivas.menon@icraindia.com

Nandan Shah

+91 22 6169 3353

nandan.shah@icraindia.com

Relationship Contact

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@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

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

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