

Rating Rationale

25 Jan 2024

Steel Exchange India Limited

Brickwork Ratings reaffirms rating for the Non-Convertible Debentures (NCD) of Rs. 306.35 Crs of Steel Exchange India Limited (SEIL or the company) based on best available information as the client did not co-operate.

Particulars

Instrument**	Amount (Rs. Crs.)		Tenure	Rating#	
	Previous	Present		Previous (Dec 2021)	Present Rating
NCD (Issue amount - Rs. 382.80 Crs)	306.35	306.35	Long Term	BWR D ISSUER NOT COOPERATING*/ Reaffirmed	BWR D Continues to “ISSUER NOT COOPERATING* category /Reaffirmed
Total	306.35	306.35	(INR Three Hundred Six Crores and Thirty Five Lakhs Only)		

#Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Issuer did not cooperate, based on the best available information.

**Details at Annexure I

Rating Action:

Brickwork Ratings (BWR) has reaffirmed the rating of Steel Exchange India Ltd’s NCD issue amounting to Rs. 306.35 cr at BWR D. The ratings continues to be in the ISSUER NOT COOPERATING* category and are based on best available information.

Reasons for non-co-operation:

BWR has followed up with the company via email and calls dated 30th Nov 2023, 4th Dec 23, 9th Jan 24 and 18th Jan 24. However, no response was received. As the required minimum relevant information was not provided by the company reflecting non-cooperation by the issuer the rating is continued under the ISSUER NOT COOPERATING* category and is based on best available information.

Reason for reaffirmation of rating:

Despite the repeated reminders and follow up with the company, BWR has not received information to review the rating or confirming the curing of the default of the rated debt facility. BWR has therefore, reaffirmed the rating of BWR D and the isuer continues to be in the ISSUER NOT COOPERATING* category.



About the NCD (including the Key covenants)

The NCD issue of Rs. 382.80 Crs is having maturity on 31 March 2026 from the date of subscription of the NCDs. These NCDs are subject to lock-in clause & cash sweep mechanism with coupon of 15% per annum payable monthly for initial 24 months from the deemed date of allotment and 21.5% per annum payable monthly thereafter. There is a repayment from non-core asset sale (Mandatory Repayment) event wherein the Issuer is required to arrange for mandatory repayment from sale of identified non-core assets. Failure to abide by the above mentioned conditions qualifies as an event of default under the transaction documents.

Limitations of the rating:

Information availability risk is a key factor in the assessment of credit risk as generally, non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating reflecting weak corporate governance.

About the Company (As per the information available with BWR)

Steel Exchange India Limited (SEIL) is a producer of TMT Rebars in the state of Andhra Pradesh. SEIL has an integrated steel plant (ISP) to manufacture steel rebars. The facilities include 60 MW captive power plant, sponge iron unit 220,000 tpa, billet unit 2,50,000 tpa and rolling mill 2,25,000 tpa which are located close to railway line and Vishakhapatnam port.

Key Financials of Steel Exchange India Limited (As available with BWR)

Amount in Rs. Crs.	FY 22 (Aud.)	FY23 (Aud.)	H1 FY24 (Un Aud.)
Total Operating Income	1099.45	1388.33	520.70
Operating Expenses	993.39	1291.68	481.32
PAT	116.48	-58.85	-9.08
Total Debt	353.57	340.40	284.51
Tangible Net Worth	491.07	517.16	600.76

Non-Cooperation with Previous Credit Rating Agency if any: No non co-operation with other CRAs.

Rating History for the Previous Three Years [Including Withdrawal & Suspended]

Sl. No.	Instrument/ Rating Type	Current Rating (Year 2024)			Rating History			
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	28th Dec 2022	28th Dec 2021	28th Dec 2020	2019
1	NCD	Long Term	306.35	BWR D ISSUER NOT COOPERATING* /Reaffirmed	BWR D ISSUER NOT COOPERATING* Reaffirmed	BWR D Reaffirmed	BWR D	-
Total			306.35	(INR Three Hundred Six Crores and Thirty Five Lakhs Only)				

* Issuer did not cooperate; based on best available information

COMPLEXITY LEVELS OF THE INSTRUMENTS - Simple

For more information, visit

www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Default Recognition and Post Default Curing Period](#)
- [What Constitutes Non Cooperation](#)

Analytical Contacts	
Rohan Gadkari Senior Ratings Analyst rohan.g@brickworkratings.com	Niraj Kumar Rathi Director - Ratings niraj.r@brickworkratings.com
1-860-425-2742	media@brickworkratings.com

Annexure I: Nil

Annexure II:

Instru ment	Issue Date	Issue Amount[Rs.Crs.]	O/s Issue Amount [Rs.Crs.]	Coupon Rate	Maturity Date	ISIN Particulars
NCD	28-Jan-2021	382.80	306.35	15% per annum payable monthly for initial 24 months from the deemed date of allotment and 21.5% per annum payable monthly thereafter.	31-Mar-2026	INE503B07010
Total		(INR Three Hundred Six Crores and Thirty Five Lakhs Only)				

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