



## RATING RATIONALE

9th April 2020

### Shreeyam Power and Steel Industries Ltd

**Brickwork Ratings downgraded the ratings for the Non-Convertible Debentures of Rs. 113.69 Crores of Shreeyam Power and Steel Industries Ltd ('SPSIL' or 'the Company')**

#### Particulars:

Instrument**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Apr, 2019)	Present
NCD	127.00	113.69	Long Term	BWR B-Stable	BWR D (Downgraded)
<b>Total</b>	<b>127.00</b>	<b>113.69</b>	<b>Rupees One Hundred Thirteen Crores and Sixty Nine Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Details of NCD is provided in Annexure-I

#### Rating: Downgraded

#### RATING ACTION / OUTLOOK

Shreeyam Power and Steel Industries Ltd's NCD amounting to Rs.113.69 Crs having ISIN No.INE437Lo7010 had a coupon payment due on 31st March 2020. However, the Company could not service NCD interest (coupon) repayment. SPSIL attributed this to disturbance in cash-flows on account of complete halt of business operations from the current epidemic situation of Coronavirus (COVID 19).

The Company on 31st March 2020 (due date) requested its investors to consider some modifications in the terms of the NCD, including waiver of interest/reduction in interest rate. The investors are yet to take a decision on the requests made by the issuer.

Since the coupon payment has not been made on the due date by the Issuer and in absence of any approval from the Investors for the proposals made by the Issuer, the non-payment of interest for March' 2020 constitutes default and BWR has downgraded the rating to BWR D for the outstanding NCD of Rs.113.69 Crs.

It may however be noted that if the investor provides a formal approval and the same is accepted by the Issuer, BWR may review the above stance.

#### COMPANY PROFILE

Shreeyam Power and Steel Industries Limited was incorporated in July 1995. The company is engaged in manufacturing of Sponge Iron, billets, TMT Bars, and also having Steel Melting shops, rolling mills located at Gandhidham, Gujrat and Pithampur, Madhya Pradesh.

**KEY FINANCIAL INDICATORS (in ₹ Cr)**

Key Parameters	Units	FY18	FY19
		Audited	Audited
Total Operating Income	Rs Crs	759.79	1013.90
OPBDIT	Rs Crs	38.07	110.35
PAT	Rs Crs	-176.46	1198.22
Adjusted Debt/Equity	Times	-1.63	0.44
ISCR	Times	0.20	16.36

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY: NA**

**RATING HISTORY**

SR No.	Name of Instrument	Current Rating			Rating History								
		9 April 2020			10 Apr 2019			2018			2017		
		Tenure	Amt Rs Crs	Rating	Tenure	Amt Rs Crs	Rating	Tenure	Amt Rs Crs	Rating	Tenure	Amt Rs Crs	Rating
1.	NCD	Fund Based Long Term	113.69	BWR D (Downgraded)	Fund Based Long Term	127	BWR B-Stable	NIL			NIL		
		-			25 Mar 2019			-			-		
		NIL			Fund Based Long Term	Upto 155	Provisional BWR B-Stable	NIL			NIL		

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**



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**Shreeyam Power and Steel Industries Ltd  
Annexure I - INSTRUMENT (NCD) DETAILS**

Instrument	Issue Date	**Amount in Crs.	#Coupon Rate	Maturity Date	ISIN Particulars
NCD	29 Mar 2019	113.69	22% p.a	28 Mar 2024	INE437L07010

*\*\*Outstanding amount of NCD as on 31st March 2020*

*#Cash coupon of 18% p.a. payable at the end of each month from the Date of Allotment; and balance coupon of 4% p.a.p.m required to achieve the Agreed Returns to be capitalized and paid as Redemption Premium on the Debentures being redeemed either on the Redemption date or earlier.*

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