



Press Release

Scan Steels Limited

October 07, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	106.93	IVR BBB/ Negative ISSUER NOT COOPERATING* (IVR Triple B with Negative Outlook Issuer Not Cooperating)	IVR BBB+/ Negative (IVR Triple B Plus with Negative Outlook)	Downgraded and moved to Issuer Not Cooperating category	Simple
Short Term Bank Facility	4.00	IVR A3+ ISSUER NOT COOPERATING* (IVR A Three Plus Issuer Not Cooperating)	IVR A2 (IVR A Two)	Downgraded and moved to Issuer Not Cooperating category	Simple
Total	110.93 (INR One Hundred Ten Crore and Ninety Three Lakh Only)				

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

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has downgraded and moved the ratings assigned to the bank facilities of Scan Steels Limited (SSL) to ISSUER NOT COOPERATING category because of non-receipt of no default statement for the months of July 2024, August 2024, and September 2024 from the company and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy. The outlook continues to be negative because of information non availability risk.



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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 company.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities vide email communications dated 28th August 2024, 11th September 2024, 24th September 2024, and 4th October 2024, and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted all the essential details required for detailed review of the assigned ratings.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the ratings based on the best available information. Accordingly, the ratings assigned to the bank loan facilities aggregating to INR110.93 crore of SSL shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the long-term rating be noted as 'IVR BBB/ Negative ISSUER NOT COOPERATING' based on best available information (IVR Triple B with Negative Outlook Issuer not cooperating based on best available information), and the short-term rating be noted as 'IVR A3+ ISSUER NOT COOPERATING' based on best available information (IVR A Three Plus Issuer not cooperating based on best available information).

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Criteria of assigning Rating outlook](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Financial Sector/Non- Financial Sector\)](#)

[Guidelines on what constitutes Non-Cooperation by clients](#)



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About the Company

Scan Steels Ltd (SSL) was incorporated on 11th December 1990 as a private limited company by Shri Sawarmal Gadodia in a small town called Rajgangpur near Rourkela in the state of Odisha. The company at its early stage started a rolling mill and induction furnace which is now a complete integrated steel manufacturing unit having its own captive power plants. Currently the company is engaged in making steel products catering mainly to the mid corporate sector. The company's key products at present are Shrishti TMT bars, MS billets and ingots and sponge iron. Shrishti TMT bar is a USP product with a unique chemical composition. The product has a registered trademark of Scan Steels Limited. The company has one manufacturing facility located at Rourkela in Odisha.

Financials (Standalone):

(Rs. crore)

For the year ended/ / As on*	31.03.2023	31.03.2024	30.06.2024
	Audited	Audited	Unaudited
Total Operating Income	1090.78	965.41	233.55
EBITDA	49.00	47.53	24.12
PAT	15.32	17.73	14.59
Total Debt	112.27	118.92	-
Tangible Net Worth	365.98	399.59	-
EBITDA Margin (%)	4.49	4.92	10.32
PAT Margin (%)	1.40	1.83	6.24
Overall Gearing Ratio (x)	0.31	0.30	-
Interest Coverage (x)	2.49	4.76	10.58

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22
					Sep 22, 2023	Nov 10, 2022	Jul 05, 2022	Aug 20, 2021
1.	GECL	Long Term	7.93	IVR BBB/ Negative ISSUER NOT COOPERATI NG*	IVR BBB+/ Negative	IVR BBB+/ Negative	IVR BBB+/ Stable	IVR BBB/ Stable
2.	Cash Credit Limits	Long Term	99.00	IVR BBB/ Negative ISSUER NOT COOPERATI NG*	IVR BBB+/ Negative	IVR BBB+/ Negative	IVR BBB+/ Stable	IVR BBB/ Stable
3.	Bank Guarantee	Short Term	4.00	IVR A3+ ISSUER NOT COOPERATI NG*	IVR A2	IVR A2	IVR A2	IVR A3+

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

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt



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instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
GECL	-	-	-	Dec 2027	7.93	IVR BBB/ Negative ISSUER NOT COOPERATING*
Cash Credit 1	-	-	-	-	54.00	IVR BBB/ Negative ISSUER NOT COOPERATING*
Cash Credit 2	-	-	-	-	45.00	IVR BBB/ Negative ISSUER NOT COOPERATING*
Bank Guarantee	-	-	-	-	4.00	IVR A3+

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



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Annexure 2: Facility wise lender details: Not Applicable

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

