

September 10, 2014

Facilities	Amount (Rs. Crore)	Rating
Term Loan	22.00	SMERA B / Stable (Assigned)
Cash Credit	18.00*	SMERA B / Stable (Assigned)

**Includes letter of credit as a sublimit to the extent of Rs.10.00 crore, bank guarantee as a sublimit to the extent of Rs.2.50 crore and forward contract limit as a sublimit to the extent of Rs.0.20 crore*

SMERA has assigned a rating of '**SMERA B**' (read as **SMERA single B**) to the Rs.40.00 crore bank facilities of Haq Steels Private Limited (HSPL). The outlook is '**Stable**'. The rating is mainly constrained by the company's nascent stage of operations in an intensely competitive segment of the steel industry. The rating is also constrained by the risks associated with cyclical in the company's end-user industry (real estate). However, the rating derives comfort from the company's experienced management.

HSPL, incorporated in February 2013, is an Ahmedabad-based company engaged in manufacturing of thermo mechanically treated (TMT) bars. HSPL has recently set up its factory unit with total installed capacity of 1,08,000 metric tonnes per annum (MTPA) in Viramgam, Gujarat. The company commenced commercial operations in August 2014. HSPL operates in an intensely competitive segment of the steel industry. The company's business operations are susceptible to the ongoing slowdown in the real estate industry (main end-user industry of TMT bars).

HSPL is a part of the Ahmedabad-based 'Iraki Group', which has interests in various businesses, including hospitality, trading of iron and manufacturing of steel ingot moulds and castings. The promoters of the Iraki Group have four decades of experience in trading of metals.

Outlook: Stable

SMERA believes the outlook on HSPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues and profit margins while achieving a comfortable financial risk profile. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues, or in case of deterioration in the company's financial risk profile.

About the company

HSPL, incorporated in February 2013, is an Ahmedabad-based company promoted by Mr. Inamulhaq Iraki and Mr. Rushabh Shah. HSPL is engaged in manufacturing of TMT bars. The company has a composite melting, casting and hot rolling unit (with total installed capacity of 1,08,000 MTPA) in Viramgam, Gujarat. HSPL is a part of the Iraki Group, which has interests in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

various businesses, including hospitality, trading of iron and manufacturing of steel ingot moulds and castings.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Sanjay Kher Vice President, Sales – Corporate Ratings Tel : +91 22 6714 1193 Cell: +91 98191 36541 Email : sanjay.kher@smera.in	Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.