

Press Release

H. M. Steels Limited

January 17, 2019



Rating Update

| | |
|-------------------------------------|---------------------------------------|
| Total Bank Facilities Rated* | Rs. 66.00 Cr. # |
| Long Term Rating | ACUITE B- Issuer not co-operating* |
| Short Term Rating | ACUITE A4 Issuer not co-operating* |

Refer Annexure for details

* The issuer did not co-operate; Based on best available information.

Acuité has reviewed long-term rating of „**ACUITE B-**” (**read as ACUITE B minus**) and short term rating of **‘ACUITE A4’** (**read as ‘ACUITE A four’**) on the Rs. 66.00 crore bank facilities of H M Steels Limited (HMSL). This rating is now an indicative rating and is based on best available information.

HMSL was incorporated in 1999 by Mr. Megh Raj Garg, Mr. Rajnish Bansal, Mr. Pankaj Bansal and Mr. Ashok Kumar Singla. The company is engaged in the manufacture of ingots, ERW pipes, MS bars and galvanized iron pipes at Sirmour (Himachal Pradesh). These are sold to local traders.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

This rating is therefore being flagged as “Issuer not-cooperating”, in line with prevailing SEBI regulations and Acuité’s policies.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

| | Unit | FY17 (Actual) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 134.45 | 121.26 | 137.21 |
| EBITDA | Rs. Cr. | 5.32 | 3.51 | 3.54 |
| PAT | Rs. Cr. | -2.78 | -2.91 | -2.37 |
| EBITDA Margin (%) | (%) | 3.96 | 2.90 | 2.58 |
| PAT Margin (%) | (%) | -2.06 | -2.40 | -1.73 |
| ROCE (%) | (%) | 3.50 | 3.92 | 3.48 |
| Total Debt/Tangible Net Worth | Times | 1.56 | 1.46 | 1.52 |
| PBDIT/Interest | Times | 0.87 | 0.84 | 0.75 |
| Total Debt/PBDIT | Times | 13.18 | 11.87 | 14.01 |
| Gross Current Assets (Days) | Days | 356 | 399 | 339 |

Status of non-cooperation with previous CRA (if applicable)

CRISIL, vide its press release dated June 30, 2018 had denoted the rating of H M Steels Limited as „CRISIL D; ISSUER NOT COOPERATING” on account of lack of adequate information required for monitoring of ratings.

Any other information

“Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups”

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-------------|--|-------------|-------------------------|---------------------------------|
| 23-Nov-2017 | Cash Credit | Long Term | 26.00 | ACUITE B- / Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.58 | ACUITE B- / Stable (Withdrawn) |
| | Working Capital Demand Loan | Long Term | 27.06 | ACUITE B- / Stable (Reaffirmed) |
| | Letter of Credit | Short Term | 2.00 | ACUITE A4 (Reaffirmed) |
| | Proposed Bank Facility | Long Term | 10.94 | ACUITE B- / Stable (Reaffirmed) |
| 11-Aug-2016 | Cash Credit | Long Term | 26.00 | ACUITE B- / Stable (Assigned) |
| | Working Capital Term Loan | Long Term | 33.50 | ACUITE B- / Stable (Assigned) |
| | Term Loan | Long Term | 2.58 | ACUITE B- / Stable (Assigned) |
| | Letter of Credit | Short Term | 2.00 | ACUITE A4 (Assigned) |
| | Proposed Bank Facility | Long Term | 1.92 | ACUITE B- / Stable (Assigned) |

#Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings |
|-------------------------------|-------------------------|--------------------|----------------------|------------------------------------|---------------------------------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 26.00 | ACUITE B- Issuer not co-operating* |
| Working Capital Demand Loan | Not Applicable | Not Applicable | Not Applicable | 27.06 | ACUITE B- Issuer not co-operating* |
| Letter of Guarantee | Not Applicable | Not Applicable | Not Applicable | 2.00 | ACUITE A4 Issuer not co-operating* |
| Proposed Bank Facility | Not Applicable | Not Applicable | Not Applicable | 10.94 | ACUITE B- Issuer not co-operating* |

* The issuer did not co-operate; Based on best available information.

Contacts

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL -II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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