



### Press Release

H. M. Steels Limited

December 05, 2024

### Rating Downgraded, Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	59.00	ACUITE C   Downgraded   Issuer not co-operating*	-
Bank Loan Ratings	7.00	-	ACUITE A4   Reaffirmed   Issuer not co-operating*
<b>Total Outstanding Quantum (Rs. Cr)</b>	66.00	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	0.00	-	-
* The issuer did not co-operate; based on best available information.			

### Rating Rationale

Acuite has downgraded the long-term rating to ‘**ACUITE C**’ (read as **ACUITE Cf**) from ‘**ACUITE BB-**’ (read as **ACUITE double B minus**) and reaffirmed the short-term rating of ‘**ACUITE A4**’ (read as **ACUITE A four**) on the Rs.66.00 Cr. bank facilities of H M Steels Limited (HMSL). The rating is now flagged as “Issuer Not-Cooperating” on account of information risk and is based on the best available information.

The downgrade is based on non-submission of NDS (No Default Statement) for the last 3 consecutive months, ACUITE has received the last NDS on August 2024. Further, based on CRIF Highmark report, it is observed that there were delays in May 2024 in a GECL loan and in a Medium term loan and account was categorised as SM-0 during that time.

### About the Company

Incorporated in 1999, H M Steels Limited (HMSL) is promoted by Mr. Megh Raj Garg, Mr. Rajnish Bansal, Mr. Pankaj Bansal and Mr. Ashok Kumar Singla. Based in Sirmour (Himachal Pradesh), the company is engaged in the manufacture of MS Billets, ERW pipes and MS flat.

### Unsupported Rating

Not Applicable

### Non-cooperation by the issuer/borrower

Acuite has been requesting for No Default Statements (NDS); however, despite multiple requests; the Company’s management has remained non-cooperative and not submitted the NDS for the preceding 03 consecutive months. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as “Issuer not-cooperating”, in line with prevailing SEBI regulations and Acuite’s policies.

### 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). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on

which the indicative credit rating is based.

### **Rating Sensitivities**

"No information provided by the issuer / available for Acuite to comment upon."

### **Liquidity Position**

"No information provided by the issuer / available for Acuite to comment upon."

**Outlook: Not Applicable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	568.91	560.70
PAT	Rs. Cr.	3.69	6.89
PAT Margin	(%)	0.65	1.23
Total Debt/Tangible Net Worth	Times	0.57	0.62
PBDIT/Interest	Times	2.70	3.15

### Status of non-cooperation with previous CRA

Not Applicable

### Any other information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 Mar 2024	Letter of Credit	Short Term	5.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	26.00	ACUITE BB-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	23.00	ACUITE BB-   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	7.00	ACUITE BB-   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	3.00	ACUITE BB-   Stable (Reaffirmed)
16 Dec 2022	Letter of Credit	Short Term	5.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	26.00	ACUITE BB-   Stable (Upgraded from ACUITE B-)
	Proposed Long Term Bank Facility	Long Term	23.00	ACUITE BB-   Stable (Upgraded from ACUITE B-)
	Covid Emergency Line.	Long Term	10.00	ACUITE BB-   Stable (Upgraded from ACUITE B-)
12 Sep 2022	Letter of Credit	Short Term	2.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	26.00	ACUITE B- (Reaffirmed & Issuer not co-operating*)
	Working Capital Demand Loan (WCDL)	Long Term	27.06	ACUITE B- (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	10.94	ACUITE B- (Reaffirmed & Issuer not co-operating*)
14 Jun 2021	Letter of Credit	Short Term	2.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Working Capital Demand Loan (WCDL)	Long Term	27.06	ACUITE B- (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	10.94	ACUITE B- (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	26.00	ACUITE B- (Reaffirmed & Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A4   Reaffirmed   Issuer not co-operating*
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	26.00	Simple	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB- )
Punjab National Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2024	7.00	Simple	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB- )
Punjab National Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Oct 2026	3.00	Simple	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB- )
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4   Reaffirmed   Issuer not co-operating*
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	23.00	Simple	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB- )

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

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Abhishek Singh Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

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