

Press Release

Fortune Metaliks Limited

July 28, 2020



Rating Update

Total Bank Facilities Rated*	Rs.165.00 Cr.#
Long Term Rating	ACUITE BB- (Downgraded from ACUITE BBB-) Issuer not co-operating*
Short Term Rating	ACUITE A4+ (Downgraded from ACUITE A3) Issuer not co-operating*

#Refer Annexure for details

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

Rating Rationale

Acuité has downgraded the long term rating of '**ACUITE BBB-**' (**read as ACUITE triple B minus**) to '**ACUITE BB-**' (**read as ACUITE double B minus**) and the short term rating of '**ACUITE A3**' (**read as ACUITE A three**) to '**ACUITE A4+**' (**read as ACUITE A four plus**) on the Rs.165.00 crore bank facilities of Fortune Metaliks Limited (FML). This rating is now an indicative rating and is based on the best available information. The downgrade is due to information risk

Incorporated in 2008, Fortune Metaliks Limited is part of the Fortune group promoted by Mr. Bhagwan Dass Bansal. The company is engaged in manufacturing of billets, TMT bars and structural steel products. The manufacturing unit is located in Raipur (Chhattisgarh) with installed capacity 96,000 metric tons per annum (MTPA) of billets, 1,08,000 (MTPA) of TMT bars and 72,000 MTPA for structural steel products. Currently, the operations are managed by the second generation of the Bansal family. The company sells its product under the brand name of "Fortune".

About The Group:

The Fortune group was promoted by Mr. Bhagwan Dass Bansal. The group is engaged in manufacturing of TMT bars, GI Pipes, MS pipes and structural steel. The flagship company of the group (Fortune Metals Limited) was incorporated in 2004 and is engaged in TMT bars, GI pipes, MS Pipes. The manufacturing unit is located in Punjab while the GI Pipes and MS Pipes unit is located in Raipur. In 2007, the Bansal family led by Mr. Bhagwann Dass Bansal promoted Fortune Metaliks Limited engaged in TMT bar manufacturing and structural steel manufacturing with the unit located in Raipur (Chhattisgarh). The business is managed by Mr. Bhagwann Dass Bansal along with 2nd generation of the Bansal family namely, Mr. Deep Bansal and Mr. Saurabh Bansal.

Analytical Approach

The team has taken a consolidated view of the business and financial risk profile of Fortune Metaliks Limited and Fortune Metals Limited while assigning the ratings. This is on account of the common ownership, the same line of business and cross guarantees between each other. The group is collectively referred to as the Fortune Group.

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 the due date.

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

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.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

The rated entity has not shared the latest financial statements despite repeated attempts.

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

None

Any other information

Not Applicable

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
04-June-2019	Cash Credit	Long term	96.80	ACUITE BBB- (Downgraded from ACUITE BBB) Issuer not co-operating*
	Term Loan	Long term	43.70	ACUITE BBB- (Downgraded from ACUITE BBB) Issuer not co-operating*
	Standby line of credit	Short term	3.00	ACUITE A3 (Downgraded from ACUITE A3+) Issuer not co-operating*
	Proposed	Long term	21.50	ACUITE BBB- (Downgraded from ACUITE BBB) Issuer not co-operating*
16-Mar-2018	Cash Credit	Long term	96.80	ACUITE BBB/Stable (Assigned)
	Term Loan	Long term	43.70	ACUITE BBB/Stable (Assigned)
	Standby line of credit	Short term	3.00	ACUITE A3+ (Assigned)
	Proposed	Long term	21.50	ACUITE BBB/Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	96.80	ACUITE BB- Downgraded from ACUITE BBB- Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	43.70	ACUITE BB- Downgraded from ACUITE BBB- Issuer not co-operating*
Standby line of credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A4+ Downgraded from ACUITE A3 Issuer not co-operating*
Proposed	Not Applicable	Not Applicable	Not Applicable	21.50	ACUITE BB- Downgraded from ACUITE BBB- 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 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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