

Press Release

Rashmi Steels

January 10, 2019

Rating Downgraded



Total Bank Facilities Rated*	Rs.23.50 Cr.#
Long Term Rating	ACUITE D (Downgraded from ACUITE BB/Stable) Issuer not co-operating*

#Refer Annexure for details

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

Rating Rationale

Acuité has downgraded a long term rating of '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE BB**' (read as **ACUITE double B**) to the Rs.23.50 crore bank facilities of RASHMI STEELS (RS). This rating is now an indicative rating and is based on best available information.

The downgrade is in view of persistent delays in servicing the debt obligation.

RS, a Mumbai-based proprietorship firm, trades in stainless steel pipes, rods, scrap among others. Established in 2001 by Mr. Babulal Bohra, the firm is part of the Rashmi Group which constitutes Rashmi Tubes (India) and Rashmi International. Both the firms are engaged in the trading of stainless steel pipes, ferrous and non-ferrous metal scrap. Stainless steel pipes, rods and scrap are procured from local steel manufacturers and sold to traders in Maharashtra and Gujarat.

From September, 2015, the firm began manufacturing of aluminium extrusions at Padra, Gujarat with installed capacity of 500 metric tonnes per month. The firm supplies aluminium extrusions to 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/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.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 (Provisional)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	100.43	96.53	74.89
EBITDA	Rs. Cr.	5.98	5.16	2.54
PAT	Rs. Cr.	0.95	0.52	0.54
EBITDA Margin	(%)	5.96	5.35	3.39
PAT Margin	(%)	0.95	0.54	0.72
ROCE	(%)	13.19	11.85	11.91
Total Debt/Tangible Net Worth	Times	1.70	2.10	2.37
PBDIT/Interest	Times	1.51	1.51	1.29
Total Debt/PBDIT	Times	4.12	4.59	8.69
Gross Current Assets (Days)	Days	164	148	152

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

CRISIL, vide its press release dated December 04, 2018 has denoted the rating of Rashmi Steels as 'CRISIL D; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings. The earlier rating, however, stood at 'CRISIL B+/Stable/ CRISIL A4 ISSUER NOT COOPERATING' vide its press release dated September 26, 2017.

Any other information

Acuite 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
02-Nov-17	Cash Credit	Long Term	19.50	ACUITE BB/Stable (Assigned)
	Term Loan	Long Term	4.00	ACUITE BB/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	19.50	ACUITE D (Downgraded from ACUITE BB/Stable) Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE D (Downgraded from ACUITE BB/Stable) Issuer not co-operating*

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

Contacts

Analytical	Rating Desk
<p>Aditya Gupta Head- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuите.in</p> <p>Avadhoot Mane Senior Analyst - Rating Operations Tel: 022-49294022 avadhoot.mane@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuите.in</p>

About Acuite Ratings & Research:

Acuite 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.

Disclaimer: An Acuite 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. Acuite 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, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite 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. Acuite 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.acuite.in) for the latest information on any instrument rated by Acuite.