

Hindusthan National Glass & Industries Limited

February 07, 2018

Rating

Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	2,063.00	CARE D; ISSUER NOT COOPERATING*	Issuer Not Cooperating; Based on best available information
Long-term/Short-term Bank Facilities	600.00	CARE D/CARE D; ISSUER NOT COOPERATING*	Issuer Not Cooperating; Based on best available information
Total	2,663.00 (Rs. Two Thousand Six Hundred Sixty Three crore only)		
NCD - Series-III	200.00 (Rupees Two Hundred crore only)	CARE D; ISSUER NOT COOPERATING*	Issuer Not Cooperating; Revised from CARE C; Negative (C; Outlook: Negative) on the basis of best available information

Details of instrument/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Hindusthan National Glass & Industries Limited (HNG) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE's rating on HNG's bank facilities and instruments will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The rating assigned to Non-Convertible Debenture (NCD) issue has been revised on account of delay in servicing interest. The liquidity position of the company has been severely impacted due to continued high level of operational loss in FY17 (refers to the period April 1 to March 31) and cash loss in H1FY18. The ratings also take note of the experience of the promoters and established position of the company in the glass industry.

Detailed description of the key rating drivers

Key Rating Weaknesses

Ongoing delays in debt servicing

There are delays in servicing of bank facilities and interest payment of NCD issue.

Continued losses resulting in stressed liquidity position

The company's total operating income declined by 7% y-o-y from Rs.1975.51 crore in FY16 to Rs.1853.52 crore in FY17 on account subdued demand and stagnant realisations. PBILDT margin declined from 13.50% in FY16 to 10.42% in FY17. Accordingly, with relatively stable capital charges, operating loss increased from Rs.187.36 crore in FY16 to Rs.219.81 crore in FY17. However, HNG reported extraordinary income of Rs.94.59 crore in FY17 on disposal of its entire shareholding in a subsidiary. Consequently, the net loss reduced from Rs.182.31 crore in FY16 to Rs.127.11 crore in FY17 and the company achieved GCA of Rs.47.75 crore. PBILDT interest coverage was below unity for FY17. The company made interest payments through other income and utilisation of working capital borrowings.

During H1FY18, HNG incurred net loss of Rs.137.53 crore on total operating income of Rs.897.90 crore as compared to net profit of Rs.16.95 crore on total operating income of Rs.912.13 crore during H1FY17. The cash loss has resulted in the stressed liquidity position of the company.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Key Rating Strengths

Long track record of the company with established market presence

HNG, having track record of over six decades, is a leading manufacturer of container glass and has a pan India presence. It is the largest container glass player in the country.

Experienced promoters

HNG was promoted by late Mr. C. K. Somany, who was a renowned technocrat having over 60 years of experience in glass technology. Presently his two sons, Mr. Sanjay Somany (Chairman) and Mr. Mukul Somany (Vice Chairman), manage the overall affairs of the company. They have an experience of over two decades in the container glass industry.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology-Manufacturing Companies](#)

About the Company

HNG, incorporated in February 1946, was promoted by late Mr. C. K. Somany of the Kolkata-based Somany family. The company is a leading manufacturer of container glass with seven manufacturing units, spread across the country having an aggregate installed capacity of 1,569,500 tpa (tonne per annum), the largest in the country.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	1975.51	1853.52
PBILDIT	266.77	193.06
PAT	-182.31	-127.11
Overall gearing (times)	5.20	6.90
Interest coverage (times)	1.05	0.81

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	565.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	September'2025	270.46	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-BG/LC	-	-	-	580.00	CARE D / CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	September'2025	1024.99	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	35.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-BG/LC	-	-	-	20.00	CARE D / CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	September'2025	167.55	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures: Series III-Tranch I	November 23, 2011	10.40	November 23, 2021	100.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures: Series III-Tranch II	February 3, 2012	10.40	February 3, 2022	100.00	CARE D; ISSUER NOT COOPERATING*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (09-Mar-17)	1)CARE BB (30-Dec-15) 2)CARE BBB- (03-Sep-15)	1)CARE BBB- (30-Dec-14)
2.	Fund-based - LT-Cash Credit	LT	565.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)	1)CARE BB (30-Dec-15) 2)CARE BBB- (03-Sep-15)	1)CARE BBB- (30-Dec-14)
3.	Fund-based - LT-Term Loan	LT	270.46	CARE D; ISSUER NOT COOPERATING*	1)CARE D (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)	1)CARE BB (30-Dec-15) 2)CARE BBB- (03-Sep-15)	1)CARE BBB- (30-Dec-14)
4.	Non-fund-based - LT/ST-BG/LC	LT/ST	580.00	CARE D / CARE D; ISSUER NOT COOPERATING*	1)CARE D / CARE D (27-Dec-17)	1)CARE B+; Stable / CARE A4 (09-Mar-17)	1)CARE BB / CARE A4 (30-Dec-15) 2)CARE BBB- / CARE A3 (03-Sep-15)	1)CARE BBB- / CARE A3 (30-Dec-14)
5.	Debentures-Non Convertible Debentures	LT	200.00	CARE D; ISSUER NOT COOPERATING*	1)CARE C; Negative (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)	1)CARE BB (30-Dec-15) 2)CARE BBB- (03-Sep-15)	1)CARE BBB- (30-Dec-14)
6.	Fund-based - LT-Term Loan	LT	1024.99	CARE D; ISSUER NOT COOPERATING*	1)CARE D (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)	1)CARE BB (30-Dec-15) 2)CARE BBB- (03-Sep-15)	1)CARE BBB- (30-Dec-14)
7.	Fund-based - LT-Cash	LT	35.00	CARE D; ISSUER	1)CARE D	1)CARE B+;	1)CARE BB	-

	Credit			NOT COOPERATING*	(27-Dec-17)	Stable (09-Mar-17)	(30-Dec-15) 2)CARE BBB- (03-Sep-15)	
8.	Non-fund-based - LT/ST-BG/LC	LT/ST	20.00	CARE D / CARE D; ISSUER NOT COOPERATING*	1)CARE D / CARE D (27-Dec-17)	1)CARE B+; Stable / CARE A4 (09-Mar-17)	1)CARE BB / CARE A4 (30-Dec-15) 2)CARE BBB- / CARE A3 (03-Sep-15)	-
9.	Fund-based - LT-Term Loan	LT	167.55	CARE D; ISSUER NOT COOPERATING*	1)CARE D (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)	1)CARE BB (30-Dec-15) 2)CARE BBB- (03-Sep-15)	-

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