

Hindusthan National Glass & Industries Ltd.

July 30, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long term Bank Facilities	2063.00	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 Facilities	2663.00 (Rs. Two Thousand Six Hundred and Sixty Three crore only)		
NCD - Series-III	200.00 (Rs. Two Hundred crore only)	CARE D; ISSUER NOT COOPERATING*	Issuer not cooperating; Based on best available information

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 7, 2018, placed the ratings of Hindusthan National Glass Industries Ltd (HNG) under the 'issuer non-cooperating' category as HNG had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. HNG continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated May 21, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

The ratings take into account the ongoing delays in debt servicing by the company due to continuous losses.

Detailed description of the key rating drivers

At the time of last rating on February 7, 2018, the following were the rating strengths and weaknesses (updated for the information available from Stock Exchange filings):

Key Rating Weaknesses

Ongoing delays in debt servicing: There are continuing delays in servicing of debt by the company.

Continued losses resulting in stressed liquidity position: The company's total operating income increased by about 25% y-o-y to Rs.2403.52 crore in FY19. PBILDT margin remained stable at 5.66% in FY19 (5.68% in FY18). However, the PBILDT level was not sufficient to cover the interest cost and depreciation and the company continued to incur losses. It reported loss of Rs.172.96 crore in FY19 (loss of Rs.294.51 crore in FY18) after considering income of Rs.95.17 crore from disinvestment in a joint venture. The interest coverage continued to remain below unity. The company incurred cash loss of Rs.14.43 crore in FY19. Accordingly, the liquidity is stressed.

Key Rating Strength

Long track record of the company with established market presence: HNG, having market presence of over six decades, is an established manufacturer of container glass and has a pan India presence. The promoters 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](#)

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

*Issuer did not cooperate; Based on best available information

[Financial ratios – Non-Financial Sector](#)
[Criteria for Short Term Instruments](#)
[Care's methodology for 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)	FY18 (A)	FY19 (A)
Total operating income	1927.34	2403.52
PBILDT	109.53	136.14
PAT	-294.51	-172.96
Overall gearing (times)	18.46	NM
Interest coverage (times)	0.43	0.54

A: Audited, NM: Not meaningful

Status of non-cooperation with previous CRA:

Not Applicable

Any other information:

Not Applicable

Rating History for last three years: Please refer Annexure-2

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* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	September 2025	270.46	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - LT/ ST-BG/LC	-	-	-	580.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	September 2025	1024.99	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	35.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - LT/ ST-BG/LC	-	-	-	20.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Term Loan	-	-	September 2025	167.55	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures	November 23, 2011	10.40%	November 23, 2021	100.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures	February 3, 2012	10.40%	February 3, 2022	100.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (09-Mar-17)
2.	Fund-based - LT-Cash Credit	LT	565.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (07-Feb-18) 2)CARE D (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)
3.	Fund-based - LT-Term Loan	LT	270.46	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (07-Feb-18) 2)CARE D (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)
4.	Non-fund-based - LT/ ST-BG/LC	LT/ST	580.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (07-Feb-18) 2)CARE D / CARE D (27-Dec-17)	1)CARE B+; Stable / CARE A4 (09-Mar-17)
5.	Debentures-Non Convertible Debentures	LT	200.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (07-Feb-18) 2)CARE C; Negative (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)
6.	Fund-based - LT-Term Loan	LT	1024.99	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (07-Feb-18) 2)CARE D (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)
7.	Fund-based - LT-Cash Credit	LT	35.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (07-Feb-18) 2)CARE D (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)
8.	Non-fund-based - LT/ ST-BG/LC	LT/ST	20.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (07-Feb-18) 2)CARE D / CARE D	1)CARE B+; Stable / CARE A4 (09-Mar-17)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
				information			(27-Dec-17)	
9.	Fund-based - LT-Term Loan	LT	167.55	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (07-Feb-18) 2)CARE D (27-Dec-17)	1)CARE B+; Stable (09-Mar-17)

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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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.

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