

Uttam Value Steels Limited

July 09, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	640.07 (640.07)	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information
Short-term Bank Facilities	1,390.00 (13,90.00)	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information
Total Bank Facilities	2,030.07 (Rs. Two Thousand Thirty Crore & Seven Lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Uttam Value Steels Limited (UVSL) to monitor the rating vide e-mail communications/ letters dated December 12, 2017; December 21, 2017, January 10, 2018, June 6, 2019, June 13, 2019 & June 20, 2019. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating. In line with the extant SEBI guidelines, CARE's rating on debt instruments of UVSL will now be denoted as 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 rating.

The rating takes into account the ongoing delays in debt servicing by the company.

Detailed description of the key rating drivers

Delays in Debt Servicing: There are delays in servicing of debt obligations attributable to its stressed liquidity position.

Analytical approach: Standalone

Applicable Criteria

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

[CARE's criteria on assigning Outlook to Credit Ratings](#)

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

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

[Rating Methodology-Manufacturing Companies](#)

About the Company

Uttam Value Steels Limited (UVSL), previously known as Lloyds Steel Industries Ltd (LSIL), was incorporated on April 27, 1970 under the name of Gupta Tubes and Pipes. LSIL's steel plant was commissioned in 1995 in Wardha, Maharashtra. LSIL set up a rolling mill with an installed capacity of 1.00 Million Tonnes Per Annum (MTPA) of Hot Rolled (HR) coil along with Steel Melting Shop (SMS) to produce 1.08 MTPA of steel through Electric Arc Furnace (EAF) route. The downstream facilities include Cold Rolled (CR) coil mill (0.38 MTPA capacity) and Galvanized Plain (GP)/Galvanized Corrugated (GC) sheets/coil line (0.25 MTPA capacity). The engineering division located in Murbad, Thane, Maharashtra, is engaged in steel fabrication, design and manufacturing of heavy equipment for hydrocarbon, oil & gas, steel and power plants as well as executing projects on turnkey basis.

In July 2012, Uttam group entered into an investment agreement with LSIL for allotment of 38 crore equity shares on preferential basis to raise its shareholding to 51.99% (currently at 46.12%) and provide the group with a controlling stake in LSIL for an additional investment of Rs.380 crore. Subsequent to the takeover, Mr. Rajinder Miglani and Mr. Anuj Miglani were appointed as Directors along with induction of key management personnel from Uttam group.

UVSL directly feeds hot iron (liquid metal) produced by Uttam Galva Metallics Limited (UGML) in its steel making units leading to significant energy savings.

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

Brief Financials - (Rs. crore) (Standalone)	FY18 (A)	FY19 (A)
Total operating income	2700.81	5414.61
PBILDT	-81.35	371.75
PAT	-465.82	72.95
Overall gearing (times)	-1.69	4.44
Interest coverage (times)	-0.34	2.78

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-Term Loan	-	-	-	640.07	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	-	-	-	1220.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	170.00	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.	Fund-based - LT-Term Loan	LT	640.07	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (23-Jan-18)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
2.	Non-fund-based - ST-Letter of credit	ST	1220.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (23-Jan-18)	1)CARE D (31-Dec-16) 2)CARE D (22-Apr-16)
3.	Non-fund-based - ST-Bank Guarantees	ST	170.00	CARE D; ISSUER NOT COOPERATING* Issuer not	-	-	1)CARE D; ISSUER NOT COOPERATING* (23-Jan-18)	1)CARE D (31-Dec-16)

				cooperating; Based on best available information				2)CARE D (22- Apr-16)
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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.

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.

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