

June 28, 2019

Hindusthan Engineering & Industries Limited: Rating Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount(Rs. crore)	Current Rated Amount(Rs. crore)	Rating Action
Fund-based facilities	30.00	30.00	[ICRA]BBB+(Stable); Withdrawn
Non-fund based facilities – Bank Guarantee	500.00	500.00	[ICRA]BBB+(Stable); Withdrawn
Non-fund based facilities – Letter of Credit	(500.00)^	(500.00)^	[ICRA]A2+; Withdrawn
Total	530.00	530.00	

*Instrument details are provided in Annexure-1

^Sublimit of BG facilities

Rationale

The ratings are withdrawn in accordance with ICRA's policy on withdrawal and suspension and as desired by the company. The rating has been withdrawn at the request of the company and based on the no objection certificate provided by its banker. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

Key rating drivers

Key Rating drivers has not been captured as the rated instrument(s) are being withdrawn.

Liquidity Position

Information was not available on the liquidity position of the rated entity.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/ Group Support	Not Applicable (Rating Withdrawn)
Consolidation/ Standalone	Not Applicable (Rating Withdrawn)

About the company

Incorporated in 1998 and based in Kolkata, Hindusthan Engineering & Industries Limited (HEI) is a diversified manufacturing company, with its presence in three distinct business verticals - Engineering, Chemicals and Jute. The company, earlier a part of Hindusthan Development Corporation (HDC), has been in the railway-engineering business for more than six decades. Subsequently, in 2000, the Engineering, Chemicals and Jute divisions were carved out to form a separate entity - Hindusthan Engineering & Industries Limited, leaving the steel-billet manufacturing unit and rolling mill at Malanpur, in Madhya Pradesh with HDC. HDC was renamed Malanpur Steel Limited (MSL). Subsequently, MSL was merged with HEI, with retrospective effect from April 01, 2009. In FY2017, the company reported a net profit of Rs. 24.99 crore on an operating income of Rs. 645.61 crore, compared to a net profit of Rs. 7.70 crore on an operating income of Rs. 654.27 crore in the previous year.

Key financial indicators (audited)

	FY2016	FY2017
Operating Income (Rs. crore)	654.27	645.61
PAT (Rs. crore)	7.70	24.99
OPBDIT/OI (%)	1.75%	8.24%
RoCE (%)	0.79%	4.78%
Total Debt/TNW (times)	0.04	0.05
Total Debt/OPBDIT (times)	3.52	0.85
Interest coverage (times)	4.31	41.03

Source: Company

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for last three years:

Instrument	Current Rating (FY2020)				Chronology of Rating History for the Past 3 Years		
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2019	Date & Rating in FY2018 December 2017	Date & Rating in FY2017 July 2016
1 Cash Credit	Long Term	30.00	-	[ICRA]BBB+ (Stable); Withdrawn June 2019	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
2 Bank Guarantee	Short Term	500.00	-	[ICRA]BBB+ (Stable); Withdrawn	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
3 Letter of Credit [^]	Short Term	(500.00)	-	[ICRA]A2+; Withdrawn	-	[ICRA]A2+	[ICRA]A2+

[^]Sublimit of BG facilities

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	30.00	[ICRA]BBB+ (Stable); Withdrawn
NA	Bank Guarantee	-	-	-	500.00	[ICRA]BBB+ (Stable); Withdrawn
NA	Letter of Credit [^]	-	-	-	(500.00)	[ICRA]A2+; Withdrawn

Source: HEIL

[^]Sublimit of BG facilities

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