usha martin

Usha Martin Limited
Regd. Office : 2A, Shakespeare Sarani, Kolkata - 700 071, India
Phone : (00 91 33) 39800300, Fax : (00 91 33) 2282 9029, 39800400/500
CIN : L31400WB1986PLC091621
Website : www.ushamartin.com

UML/SECT/

November, 30 2017

BSE India Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai – 400 001
[Scrip Code: 517146]

Societe de la Bourse de Luxembourg
35A, Bouleverd, Joseph II
L-1840, Luxembourg
[GDRs – US9173002042]

The Secretary
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
[Scrip Code: USHAMART]

Dear Sir,

Pursuant to Regulation 30 read with Part A of Schedule III of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we wish to inform you that Credit Analysis and Research Limited ("CARE Ratings") has downgraded the rating of the Company's Short-term Bank Facilities from existing 'CARE A3" to 'CARE A4+', the press release made by CARE Ratings is enclosed herewith which is self-explanatory in nature.

Thanking you,

Yours faithfully,
For Usha Martin Limited

Shampa Ghosh Ray
Company Secretary

Encl: as above

Usha Martin Limited

November 29, 2017

Ratings

Facilities	Amount (Rscrore)	Ratings[1]	Rating Action
Short-term Bank Facilities	2,275	CARE A4+ (CARE A Four plus)	Revised from CARE A3 (CARE A Three)
Total Facilities	**2,275 (Rupees Two Thousand Two Hundred and Seventy Five Crore only)**		

Details of instruments/facilities in Annexure- 1

Detailed Rationale and Key Rating Drivers

The revision in the rating assigned to the short term bank facilities of Usha Martin Ltd (UML) takes into account the stretched liquidity position of the company due to cash loss incurred in FY17 (refers to the period April 1 to March 31)and H1FY18, delay in planned equity infusion and monetisation of non-core assets alongwith delay in receipt of dues relating todeallocated coal mines.The ratingcontinues to be constrained by the susceptibility of profitability to volatility in input and finished goods prices.

The rating continues to draw strength from the long experience & satisfactory track record of the promoters, backward integration with captive iron-ore mine, presence in the export market and availability of forward integration.The rating also takes note of the appointment of a consultant by the company to evaluate the possibility of sale of the wire and wire rope business of the company.

Improvement in cash flow position by improving profitability, infusion of equity, receipt of dues for deallocated coal mines and sale of non-core assets as envisaged along with outcome of the plan to sell the wire and wire rope division are the key rating sensitivities.

Detailed description of key rating drivers

Key Rating Weaknesses

Deterioration in financial performance in FY17 and H1FY18 leading to stretched liquidity

The total operating income declined by about 5% in FY17 due to lower sales realization in steel business and lower volume and prices in the wire rope division. The lower capacity utilisation and increase in coking coal prices impacted the PBILDT margin, though it witnessed improvement over FY16. The subdued operating profitability led to cash loss in FY17. In H1FY18, though there was an improvement in sales realisation, PBILDT margin was impacted due to stretch on working capital leading to operational inefficiencies and increase in input cost. UML incurred cash loss in H1FY18.

Delay in planned equity infusion and monetization of non-core assets alongwith delay in receipt of dues relating to deallocated coal mines

Due to the subdued operational performance of the company vis-à-vis the debt servicing obligations in the last 3 years, UML had raised debt in FY16 and FY17 to meet capital commitments and working capital requirement along with plans to raise equity and sale of non-core assets. The company got sanction for term loans of Rs.1685 crore and also raised Rs.145 crore till FY17 through sale of non-core assets and reduction in investments which supported the liquidity. However, there has been delay in raising equity and sale of some of the non-core assets. Further, the company is yet to receive substantial amount of dues pending in relation to the coal mines of the company deallocated in FY15. The liquidity position of the company has been impacted due to these reasons.

Susceptibility of profitability to volatility in input and finished goods prices

Raw-material (incl. stores & spares) is the most important cost driver, accounting for approximately 63% of cost of sales in FY17. UML is considerably insulated from volatility in iron ore prices for steel production by virtue of having captive mines. However, it is exposed to the volatility in coking coal, non-coking coal for power and DRI and finished goods prices.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

USHA MARTIN LTD. KOLKATA 700 071

Key rating Strengths

Long experience and satisfactory track record of promoters

Kolkata-based Jhawar group is one of the major industrial groups of Eastern India, with interests in long-steel products, wire ropes and cables wires. UML, the flagship company, has been in operation since 1961 and gradually through various backward and forward integration initiatives has attained significant level of integration in operations.

UML's leadership position in the domestic steel wire ropes industry

UML operates end to end integrated facilities for value added specialty steel and related products. UML is India's largest wire rope manufacturer and one of the largest wire rope manufacturers of the world.

Backward and Forward integration de-risks business model to a certain extent

UML has a captive iron-ore mine which assures continuous supply of raw-material at relatively lower prices. Further, UML has forward integration for its long-steel products in the form of manufacturing facility for wire ropes.

Analytical Approach: Standalone

Applicable Criteria

CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
Criteria for Short Term Instruments
Rating Methodology-Manufacturing Companies
Rating Methodology- Steel Companies

About the Company

UML, the flagship company of Kolkata-based Jhawar group, is a mid-sized steel manufacturer with saleable steel capacity of around 1 million tonnes per annum. It operates end to end integrated facilities to manufacture long-steel products (bars, blooms, steel wire rods and rolled products) and specialty steel and related products (wires, wire ropes, strands and conveyors cords). The company has its manufacturing units at Ranchi, Jamshedpur, Hoshiarpur (Punjab) and Chennai. UML has appointed a consultant to evaluate the possibility of sale of the wire and wire rope business of the company.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	3828	3640
PBILDT	304	380
PAT	-419	-355
Overall gearing (times)	6.76	12.84
Interest coverage (times)	0.58	0.69

Status of non-cooperation with previous CRA: Not applicable.

Any other information: Not Applicable

Rating History for 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.*

Analyst Contact:
Name: MsMamtaMuklania
Tel: 033-4018 1651
Mobile : 98304 07120
Email: mamta.khemka@careratings.com

****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.

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 - ST-Working Capital Demand loan	-	-	-	600.00	CARE A4+
Non-fund-based - ST-BG/LC	-	-	-	1500.00	CARE A4+
Fund-based/Non-fund-based-Short Term	-	-	-	175.00	CARE A4+

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.	Short Term Instruments-STD/NCD/CP	ST	-	-	-	-	1)Withdrawn (27-Nov-15)	1)CARE A1 (29-Oct-14) 2)CARE A1+ (Under Credit Watch) (01-Oct-14)
2.	Fund-based - ST-Working Capital Demand loan	ST	600.00	CARE A4+	-	1)CARE A3 (10-Feb-17)	1)CARE A3+ (27-Nov-15)	1)CARE A1 (29-Oct-14) 2)CARE A1+ (Under Credit Watch) (01-Oct-14)
3.	Non-fund-based - ST-BG/LC	ST	1500.00	CARE A4+	-	1)CARE A3 (10-Feb-17)	1)CARE A3+ (27-Nov-15)	1)CARE A1 (29-Oct-14) 2)CARE A1+ (Under Credit Watch) (01-Oct-14)
4.	Non-fund-based - ST-BG/LC	ST	-	-	-	1)Withdrawn (10-Feb-17)	1)CARE A3+ (27-Nov-15)	1)CARE A1 (29-Oct-14) 2)CARE A1+ (Under Credit Watch) (01-Oct-14)
5.	Fund-based/Non-fund-based-Short Term	ST	175.00	CARE A4+	-	1)CARE A3 (10-Feb-17)	1)CARE A3+ (27-Nov-15)	1)CARE A1 (29-Oct-14) 2)CARE A1+ (Under Credit Watch) (01-Oct-14)

USHA MARTIN LTD. KOLKATA 700 071

CARE Ratings
Professional Risk Opinion

CONTACT

Head Office Mumbai

Ms. MeenalSikchi
Cell: + 9198190 09839
E-mail: meenal.sikchi@careratings.com

Mr. AnkurSachdeva
Cell: + 9198196 98985
E-mail: ankur.sachdeva@careratings.com

Ms.RashmiNarvankar
Cell: + 9199675 70636
E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
Cell: + 9198209 98779
E-mail: saikat.roy@careratings.com

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Ltd.)
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Deepak Prajapati
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-9099028864
Tel: +91-79-4026 5656
E-mail: deepak.prajapati@careratings.com

BENGALURU
Mr. V Pradeep Kumar
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91 98407 54521
Tel: +91-80-4115 0445, 4165 4529
Email: pradeep.kumar@careratings.com

CHANDIGARH
Mr. AnandJha
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 85111-53511/99251-42264
Tel: +91-0172-490-4000/01
Email: anand.jha@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, PashupatiAkshatHeights, Plot No. D-91,
Madho Singh Road, NearCollectorateCircle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr.Pratim Banerjee
9th Floor, Pride KumarSenate,
Plot No. 970, Bhamburda, SenapatiBapat Road,
ShivajiNagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail:pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691

USHA MARTIN LTD. KOLKATA 700 071