

Press Release

Lonestar Industries (LI)

February 18, 2020



Rating Update

Total Bank Facilities Rated*	Rs. 14.93 Cr.#
Long Term Rating	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
Short Term Rating	ACUITE A4+ (Downgraded from ACUITE A3+) Issuer not co-operating*

Refer Annexure for details

* The issuer did not co-operate; Based on best available information.

Rating Rationale

Acuité has downgraded the long term rating of Lonestar Industries (LI) to '**ACUITE BB+**' (**read as ACUITE double B plus**) from '**ACUITE BBB**' (**read as ACUITE triple B**) and the short term rating to '**ACUITE A4+**' (**read as ACUITE A four plus**) from '**ACUITE A3+**' (**read as ACUITE A three plus**). The rating continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

Li, incorporated in 1985, is a Chennai-based firm engaged in the manufacture of metal expansion joints and bellows used in pipelines, process products, turbine among others.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
18 November , 2019	Cash Credit	Long Term	3.00	ACUITE BBB Issuer not co-operating*
	Letter of credit	Short term	1.75	ACUITE A3+ Issuer not co-operating *
	Proposed Letter of Credit	Short term	0.18	ACUITE A3+ Issuer not co-operating *
	Bank Guarantee	Short term	10.00	ACUITE A3+ Issuer not co-operating *
22 Aug 2018	Cash Credit	Long Term	3.00	ACUITE BBB Issuer not co-operating*
	Letter of credit	Short term	1.75	ACUITE A3+ Issuer not co-operating *
	Proposed Letter of Credit	Short term	0.18	ACUITE A3+ Issuer not co-operating *
	Bank Guarantee	Short term	10.00	ACUITE A3+ Issuer not co-operating *
12-Oct-2016	Term Loan	Long Term	2.07	ACUITE BBB+/Stable (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB+/Stable (Reaffirmed)
	Letter of credit	Short term	1.75	ACUITE A2 (Reaffirmed)
	Proposed Letter of Credit	Short term	0.18	ACUITE A2 (Reaffirmed)
	Bank Guarantee	Short term	10.00	ACUITE A2 (Reaffirmed)
25-Aug-15	Term Loan	Long Term	2.07	ACUITE BBB+/Stable (Assigned)
	Cash Credit	Long Term	3.00	ACUITE BBB+/Stable (Assigned)
	Letter of credit	Short term	1.75	ACUITE A2 (Assigned)
	Proposed Letter of Credit	Short term	0.18	ACUITE A2 (Assigned)
	Bank Guarantee	Short term	10.00	ACUITE A2 (Assigned)

*The issuer did not co-operate; Based on best available information.

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating*
Letter of credit	Not Applicable	Not Applicable	Not Applicable	1.75	ACUITE A4+ (Downgraded from ACUITE A3+) Issuer not co-operating*
Proposed Letter of credit	Not Applicable	Not Applicable	Not Applicable	0.18	ACUITE A4+ (Downgraded from ACUITE A3+) Issuer not co-operating*
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4+ (Downgraded from ACUITE A3+) Issuer not co-operating*

*The issuer did not co-operate; Based on best available information.

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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