

## Press Release

### Vardhman Industries Limited

August 23, 2018



### Rating Update

|                                     |                                      |
|-------------------------------------|--------------------------------------|
| <b>Total Bank Facilities Rated*</b> | Rs.125.37 Cr.#                       |
| <b>Long Term Rating</b>             | ACUITE D<br>Issuer not co-operating* |
| <b>Short Term Rating</b>            | ACUITE D<br>Issuer not co-operating* |

#Refer Annexure for details

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

### Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE D**' (**read as ACUITE D**) and short term rating of '**ACUITE D**' (**read as ACUITE D**) on the Rs.125.37 crore bank facilities of Vardhman Industries Limited (VIL). The rating reaffirmation reflects continuous delays in the payment of its debt obligation. The account is NPA and is under Corporate Insolvency Resolution Process.

**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.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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 endeavoured 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:

Incorporated in 1984, VIL is engaged in the manufacturing of galvanised steel sheets, colour coated steel sheets, precision tubes and steel ingots at Ludhiana.

VSL reported net losses of Rs.51.54 crore on operating income of Rs.131.97 crore in FY2018 as compared with net losses of Rs.24.04 crore on operating income of Rs.186.75 crore in FY2017. The net worth stood at Rs.3.34 crore as on 31 March, 2018 as against Rs.59.04 crore in the previous year

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

CRISIL, vide its press release dated May 29, 2018 had denoted the rating of Vardhman Industries Limited as 'CRISIL D/ CRISIL D; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings.

### Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

**Rating History (Upto last three years)**

| Date      | Name of Instrument / Facilities | Term       | Amount (Rs. Cr) | Ratings/Outlook                   |
|-----------|---------------------------------|------------|-----------------|-----------------------------------|
| 30-Jun-17 | Cash Credit                     | Long term  | 45.00           | ACUITE D (Downgraded)             |
|           | Letter of Credit                | Short Term | 25.00           | ACUITE D (Downgraded)             |
|           | Cash Credit                     | Long term  | 15.00           | ACUITE D (Downgraded)             |
|           | Term Loan                       | Long term  | 17.07           | ACUITE D (Downgraded)             |
|           | Term Loan                       | Long term  | 5.00            | ACUITE D (Downgraded)             |
|           | Standby Line of Credit          | Short Term | 4.00            | ACUITE D (Downgraded)             |
|           | Letter of Credit                | Short Term | 13.50           | ACUITE D (Downgraded)             |
|           | Proposed Long Term Loan         | Short Term | 0.80            | ACUITE D (Assigned)               |
| 15-Mar-16 | Cash Credit                     | Long term  | 45.00           | ACUITE BBB/ Negative (Reaffirmed) |
|           | Letter of Credit                | Short Term | 25.00           | ACUITE A3+ (Reaffirmed)           |
|           | Cash Credit                     | Long term  | 15.00           | ACUITE BBB/ Negative (Assigned)   |
|           | Term Loan                       | Long term  | 17.07           | ACUITE BBB/ Negative (Assigned)   |
|           | Term Loan                       | Long term  | 5.00            | ACUITE BBB/ Negative (Assigned)   |
|           | Standby Line of Credit          | Short Term | 3.00            | ACUITE A3+ (Assigned)             |
|           | Letter of Credit                | Short Term | 13.50           | ACUITE A3+ (Assigned)             |
|           | Derivative Exposure             | Short Term | 0.80            | ACUITE A3+                        |

|           |                  |            |      |                                  |
|-----------|------------------|------------|------|----------------------------------|
|           |                  |            |      | (Assigned)                       |
|           | Letter of Credit | Short Term | 1.00 | ACUITE A3+<br>(Assigned)         |
| 21-Jan-16 | Cash Credit      | Long term  | 9.00 | ACUITE BBB/<br>Stable (Assigned) |
|           | Letter of Credit | Short Term | 1.00 | ACUITE A4+<br>(Assigned)         |

**\*Annexure – Details of instruments rated**

| Name of the Facilities    | Date of Issuance | Coupon Rate    | Maturity Date  | Size of the Issue (Rs. Crore) | Ratings/Outlook                      |
|---------------------------|------------------|----------------|----------------|-------------------------------|--------------------------------------|
| Cash Credit#              | Not Applicable   | Not Applicable | Not Applicable | 45.00                         | ACUITE D<br>Issuer not co-operating* |
| Letter of Credit##        | Not Applicable   | Not Applicable | Not Applicable | 25.00                         | ACUITE D<br>Issuer not co-operating* |
| Cash Credit               | Not Applicable   | Not Applicable | Not Applicable | 15.00                         | ACUITE D<br>Issuer not co-operating* |
| Term Loan                 | Not Applicable   | Not Applicable | Not Applicable | 17.07                         | ACUITE D<br>Issuer not co-operating* |
| Term Loan                 | Not Applicable   | Not Applicable | Not Applicable | 5.00                          | ACUITE D<br>Issuer not co-operating* |
| Standby Line of Credit### | Not Applicable   | Not Applicable | Not Applicable | 4.00                          | ACUITE D<br>Issuer not co-operating* |
| Letter of Credit          | Not Applicable   | Not Applicable | Not Applicable | 13.50                         | ACUITE D<br>Issuer not co-operating* |
| Proposed Long Term Loan   | Not Applicable   | Not Applicable | Not Applicable | 0.80                          | ACUITE D<br>Issuer not co-operating* |

#sublimit is EPC/PCFC to the extent of Rs.4.00 crore and FBD/EBR to the extent of Rs.12.25 crore.

##sublimit is bank guarantee to the extent of Rs.0.50 crore.

###include cash management services of Rs.1.00 crore in Stand by Line of Credit

\*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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