

Press Release
Vardhman Industries Limited

August 23, 2018

Rating Update



Total Bank Facilities Rated*	Rs.125.37 Cr.#
Long Term Rating	ACUITE D Issuer not co-operating*
Short Term Rating	ACUITE D Issuer not co-operating*

#Refer Annexure for details

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

Rating Rationale

Acuite 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: Acuite 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 Acuite'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). Acuite endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuite 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

Acuite 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+ (Assigned)
21-Jan-16	Cash Credit	Long term	9.00	ACUITE BBB/ Stable (Assigned)
	Letter of Credit	Short Term	1.00	ACUITE A4+ (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 Issuer not co-operating*
Letter of Credit##	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE D Issuer not co-operating*
Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE D Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	17.07	ACUITE D Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE D Issuer not co-operating*
Standby Line of Credit###	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE D Issuer not co-operating*
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	13.50	ACUITE D Issuer not co-operating*
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	0.80	ACUITE D 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.

Contacts

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About Acuite Ratings & Research:

Acuite 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.

Disclaimer: *An Acuite rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuite ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuite ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuite.*