



Press Release
Vardhman Sales Agency
December 26, 2024
Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	19.88	ACUITE B+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	15.00	-	ACUITE A4 Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	34.88	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

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

Rating Rationale

Acuite has downgraded the long-term rating to 'ACUITE B+' (read as ACUITE B plus) from 'ACUITE BB-' (read as ACUITE double B minus) and the short-term rating to 'ACUITE A4' (read as ACUITE A four) from 'ACUITE A4+' (read as ACUITE A four plus) on the Rs.34.88 Cr. bank facilities of Vardhman Sales Agency (VSA) on account of information risk. The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information.

About the Company

Vardhman Sales Agency (VSA) is a Delhi based partnership firm set up in 1988 by Ms Rachna Jain. The firm is engaged in trading of various ferrous and non-ferrous metals such as aluminium, zinc, brass and copper scrap. In addition to this, the firm has also initiated trading of e-waste during mid FY20. The e- waste is imported from foreign countries and are sold to domestic companies which is engaged in recycling of e-waste. The firm is involved in B2B trading and caters to customers usually involved in steel and aluminium manufacturing and e-waste management.

Unsupported Rating

Not Applicable

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 the due date. Acuite 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.

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

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.

Rating Sensitivity

"No information provided by the issuer / available for Acuite to comment upon."

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	251.11	118.22
PAT	Rs. Cr.	4.04	2.98
PAT Margin	(%)	1.61	2.52
Total Debt/Tangible Net Worth	Times	2.61	3.35
PBDIT/Interest	Times	2.57	2.27

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Sep 2023	Letter of Credit	Short Term	1.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	13.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	1.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.88	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	10.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	7.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
01 Jul 2022	Letter of Credit	Short Term	1.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	13.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	1.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.88	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
	Cash Credit	Long Term	10.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
	Cash Credit	Long Term	7.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB Stable)
07 Sep 2021	Letter of Credit	Short Term	1.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	13.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A4+ (Reaffirmed)
	Term Loan	Long Term	2.88	ACUITE BB Stable (Reaffirmed)
	Cash Credit	Long Term	7.00	ACUITE BB Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BB Stable (Reaffirmed)

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

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Kotak Mahindra Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A4 Downgraded Issuer not co-operating* (from ACUITE A4+)
Kotak Mahindra Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE A4 Downgraded Issuer not co-operating* (from ACUITE A4+)
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A4 Downgraded Issuer not co-operating* (from ACUITE A4+)
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.88	Simple	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)

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

Contacts

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About Acuité Ratings & Research

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