Press Release

Aarti Sponge & Power Limited (ASPL)

11 November, 2019

Rating Update

Total Bank Facilities Rated*	Rs. 100.00 Cr.
Long Term Rating	ACUITE BBB- Issuer non-cooperating*
Short Term Rating	ACUITE A3 Issuer non-cooperating*

** Refer Annexure for details*

Rating Rationale

Acuité has reviewed the long term rating of '**ACUITE BBB-**' **(read as ACUITE triple B minus)** and short term rating of '**ACUITE A3**' **(read as ACUITE A three)** on the Rs.100.00 crore bank facilities of Aarti Sponge & Power Limited. This rating is now an indicative rating and is based on best available information.

Aarti Sponge & Power Limited (ASPL) was incorporated in May 2004 by members of three families, i.e., Agarwals, Mundras and Mandals. The promoters have over a decade of experience in the area of steel manufacturing. ASPL is engaged in manufacturing of sponge iron with an installed capacity of 90,000 MT p. a. and mild steel (MS) ingots and billets with an annual capacity of 93,000 MT (expanded from 48,000 MT in FY18) at its manufacturing facilities located at Raipur, Chhattisgarh. ASPL uses around 60- 70% of the sponge iron produced for captive consumption, while the balance is sold outside. The company supplies primarily to rolling mills (manufacturers of long steel products) mostly in Chhattisgarh.

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
- Financial Ratios And Adjustments - https://www.acuite.in/view-rating-criteria-20.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 - Key Financials

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

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

None

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
17-Aug-2018	Cash Credit	Long Term	30.50	ACUITE BBB-/Stable (Reaffirmed)
	Term Loan	Long Term	9.50	ACUITE BBB-/Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB-/Stable (Reaffirmed)
	Term Loan	Long Term	20.00	ACUITE BBB-/Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB-/Stable (Assigned)
	Letter of Credit	Short Term	4.50	ACUITE A3 (Reaffirmed)
	ILC/FLC/TCBG	Short Term	12.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Reaffirmed)
	Bill Discounting under Letter of Credit	Short Term	3.00	ACUITE A3 (Reaffirmed)
24-Mar-2018	Cash Credit	Long Term	30.50	ACUITE BBB-/Stable (Assigned)
	Term Loan	Long Term	9.50	ACUITE BBB-/Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB-/Stable (Assigned)
	Term Loan	Long Term	20.00	ACUITE BBB-/Stable (Assigned)
	Letter of Credit	Short Term	4.50	ACUITE A3 (Assigned)

	ILC/FLC/TCBG	Short Term	12.00	ACUITE A3 (Assigned)
	Bank Guarantee	Short Term	0.50	ACUITE A3 (Assigned)
	Bill Discounting Under Letter of Credit	Short Term	3.00	ACUITE A3 (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	30.50	ACUITE BBB- Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	9.50	ACUITE BBB- Issuer not co-operating*
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BBB- Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE BBB- Issuer not co-operating*
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BBB- Issuer not co-operating*
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE A3 Issuer not co-operating*
ILC/FLC/TCBG	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE A3 Issuer not co-operating*
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A3 Issuer not co-operating*
Bill Discounting under Letter of Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A3 Issuer not co-operating*

Contacts:

Analytical	Rating Desk
Pooja Ghosh Head– Corporate and Infrastructure Sector Tel: 033-66201203 pooja.ghosh@acuite.in Abhishek Dey Rating Analyst Tel: 033-66201208 abhishek.dey@acuiteratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

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.