

Press Release

Aarti Sponge and Power Limited

August 19, 2021



Rating Withdrawn

Total Bank Facilities Rated	Rs. 100.00 Cr.#
Long Term Rating	ACUITE BB+ (Downgraded & Withdrawn; Issuer not co-operating*)
Short Term Rating	ACUITE A4+ (Downgraded & Withdrawn; Issuer not co-operating*)

refer Annexure for details

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

Rating Rationale

Acuité has downgraded & withdrawn the long term rating to '**ACUITE BB+**' (read as ACUITE double B plus) from '**ACUITE BBB**' (read as ACUITE triple B) and short term rating to '**ACUITE A4+**' (read as ACUITE A four plus) from '**ACUITE A3+**' (Read as ACUITE A three plus) on the Rs.100.00 crore bank facilities of Aarti Sponge & Power Limited (ASPL). The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

Aarti Sponge & Power Limited (ASPL) was incorporated in May 2004 and currently promoted by Mr. Jayantibhai Patel, Mr. Narsinhbhai Patel, Mr. Dilipkumar Patel, Mr. Hasmukh Patel. The promoters have over 15 years of experience in the area of steel manufacturing. ASPL is engaged in manufacturing of sponge iron with an installed capacity of 90,000 MTPA 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.

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 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.

Liquidity Position

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

Rating Sensitivities

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

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)

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
05-Feb-2020	Cash Credit	Long Term	30.50	ACUITE BBB/Stable (Upgraded)
	Term Loan	Long Term	9.50	ACUITE BBB/Stable (Upgraded)
	Cash Credit	Long Term	10.00	ACUITE BBB/Stable (Upgraded)
	Term Loan	Long Term	10.00	ACUITE BBB/Stable (Upgraded)
	Cash Credit	Long Term	20.00	ACUITE BBB/Stable (Upgraded)
	Letter of Credit	Short Term	4.50	ACUITE A3+ (Upgraded)
	ILC/FLC/TCBG	Short Term	12.00	ACUITE A3+ (Upgraded)
	Bank Guarantee	Short term	0.50	ACUITE A3+ (Upgraded)
	Bill Discounting under Letter of Credit	Short term	3.00	ACUITE A3+ (Upgraded)
11-Nov-2019	Cash Credit	Long Term	30.50	ACUITE BBB- (Indicative)
	Term Loan	Long Term	9.50	ACUITE BBB- (Indicative)
	Cash Credit	Long Term	10.00	ACUITE BBB- (Indicative)
	Term Loan	Long Term	10.00	ACUITE BBB- (Indicative)
	Cash Credit	Long Term	20.00	ACUITE BBB- (Indicative)
	Letter of Credit	Short Term	4.50	ACUITE A3 (Indicative)
	ILC/FLC/TCBG	Short Term	12.00	ACUITE A3 (Indicative)
	Bank Guarantee	Short term	0.50	ACUITE A3 (Indicative)
	Bill Discounting under Letter of Credit	Short term	3.00	ACUITE A3 (Indicative)
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 (Assigned)
	Term Loan	Long Term	10.00	ACUITE BBB-/Stable (Reaffirmed)

	Cash Credit	Long Term	20.00	ACUITE BBB-/Stable (Reaffirmed)
	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)

***Annexure – Details of instruments rated**

Lender Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
HDFC Bank	Cash Credit	Not Applicable	Not Applicable	Not Applicable	30.50	ACUITE BB+ (Downgraded; Indicative & Withdrawn)
HDFC Bank	Term Loan	Not Available	Not Available	Not Available	9.50	ACUITE BB+ (Downgraded; Indicative & Withdrawn)
IDBI Bank	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BB+ (Downgraded; Indicative & Withdrawn)
IDBI Bank	Term Loan	Not Available	Not Available	Not Available	10.00	ACUITE BB+ (Downgraded; Indicative & Withdrawn)
Yes Bank	Cash Credit	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE BB+ (Downgraded; Indicative & Withdrawn)
HDFC Bank	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE A4+ (Downgraded; Indicative & Withdrawn)
IDBI Bank	ILC/FLC/TCBG	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE A4+ (Downgraded; Indicative & Withdrawn)
HDFC Bank	Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A4+ (Downgraded; Indicative & Withdrawn)
IDBI Bank	Bill Discounting under Letter of Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A4+ (Downgraded; Indicative & Withdrawn)

Contacts:

Analytical	Rating Desk
Pooja Ghosh Head- Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in	Varsha Bist Senior Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in
Abhishek Dey Rating Analyst Tel: 033-66201208 abhishek.dey@acuite.in	

About Acuité Ratings & Research:

Acuité Ratings & Research 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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