



**Press Release**  
**ARUN STEEL AGENCIES**  
**June 22, 2023**

**Rating Downgraded and Issuer not co-operating**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.50	ACUITE BB   Downgraded   Issuer not co-operating*	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	24.50	-	-

**Rating Rationale**

Acuite has downgraded the long term rating from '**ACUITE BB+**' (read as **ACUITE double B plus**) to '**ACUITE BB**' (read as **ACUITE double B**) on the Rs. 24.50 Cr bank facilities of Arun Steel Agencies (Arun Steel). The rating is now flagged as "Issuer NotCooperating" and is based on the best available information.

The rating has been downgraded on account of information risk.

**About the Company**

Arun Steel Agencies was established in 1994 as a proprietorship concern and is promoted by Mr. V.C Arunai Vadivelan. Arun Steel is an exclusive and sole distributor of JSW Steel Limited for exclusive supply of steel wire rod coils across Tamil Nadu. The firm has its registered office and warehouse located in Chennai and Trichy (Tamilnadu) for stocking inventory. In 2018, Arun Steel Traders was established as a partnership concern by Mr V.C. Arunai Vadivelan along with his wife Mrs. V A Sasikala and his son Mr. V A Sujeeth. Arun Steel Traders, part of the Arun Steel group, handles volumes of JSW for Coimbatore location. JSW, its key principal has given an overall volume of 21,600 metric tonnes (MOU) for both the firms without any segregation for FY2021.

**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 noncooperation 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). Acuite endeavored 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.

**Rating Sensitivities**

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

**Material Covenants**

None

**Liquidity Position**

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

## **Outlook: Not Applicable**

## **Other Factors affecting Rating**

None

## **Key Financials:**

The rated entity has not shared the latest financial statement for Acuite to comment.

## **Status of non-cooperation with previous CRA**

LSIPL has not cooperated with Brick Work Ratings, which has classified the company as noncooperative through a press release dated 2nd September 2022. The reason provided by Brick Work Ratings is non-furnishing of information 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.

## **Applicable Criteria**

- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entitle: <https://www.acuite.in/view-rating-criteria-61.htm>

## **Note on Complexity Levels of the Rated Instrument**

In order to inform the investors about complexity of instruments, Acuité 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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Apr 2022	Channel Financing	Long Term	8.00	ACUITE BB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BB+   Stable (Reaffirmed)
	Secured Overdraft	Long Term	8.00	ACUITE BB+   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	0.50	ACUITE BB+   Stable (Reaffirmed)
18 Jan 2021	Secured Overdraft	Long Term	8.00	ACUITE BB+   Stable (Reaffirmed)
	Inventory Funding	Long Term	5.00	ACUITE BB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BB+   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	3.50	ACUITE BB+   Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE BB   Downgraded   Issuer not co-operating*
Yes Bank Ltd	Not Applicable	Channel/Dealer/Vendor Financing	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE BB   Downgraded   Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.50	ACUITE BB   Downgraded   Issuer not co-operating*
ICICI Bank Ltd	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE BB   Downgraded   Issuer not co-operating*

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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