



Press Release
Arun Steel Agencies
September 18, 2024

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*	-
Total Outstanding Quantum (Rs. Cr)	24.50	-	-

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE BB-**' (read as **ACUITE double B minus**) from '**ACUITE BB**' (read as **ACUITE double B**) on the Rs. 24.50 Cr. bank facilities of Arun Steel Agencies (Arun Steel) 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

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.

Unsupported Rating

Not Applicable

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 the 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.

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

About the Rated Entity - Key Financials

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

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

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>

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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Jun 2023	Cash Credit	Long Term	8.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
	Secured Overdraft	Long Term	8.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
	Channel/Dealer/Vendor Financing	Long Term	8.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
	Proposed Long Term Bank Facility	Long Term	0.50	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable)
08 Apr 2022	Cash Credit	Long Term	8.00	ACUITE BB+ Stable (Reaffirmed)
	Secured Overdraft	Long Term	8.00	ACUITE BB+ Stable (Reaffirmed)
	Channel/Dealer/Vendor Financing	Long Term	8.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.50	ACUITE BB+ Stable (Reaffirmed)
18 Jan 2021	Cash Credit	Long Term	8.00	ACUITE BB+ Stable (Reaffirmed)
	Inventory Funding	Long Term	5.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.50	ACUITE BB+ Stable (Reaffirmed)
	Secured Overdraft	Long Term	8.00	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 avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE BB- Downgraded Issuer not co-operating* (from ACUITE BB)
Yes Bank Ltd	Not avl. / Not appl.	Channel/Dealer/Vendor Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE BB- Downgraded Issuer not co-operating* (from ACUITE BB)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.50	ACUITE BB- Downgraded Issuer not co-operating* (from ACUITE BB)
ICICI Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE BB- Downgraded Issuer not co-operating* (from ACUITE BB)

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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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