

Press Release

Agrawal Sponge Private Limited (Erstwhile Agrawal Sponge Limited)

October 18, 2022



Rating Downgraded and Issuer not co-operating

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---------------------------------------|---------------------|---|---|
| Bank Loan Ratings | 10.00 | - | ACUITE A4+ Downgraded Issuer not co-operating* |
| Bank Loan Ratings | 24.00 | ACUITE BB+ Downgraded Issuer not co-operating* | - |
| Total Outstanding Quantum (Rs. Cr) | 34.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has downgraded the long-term rating from 'ACUITE BBB' (read as ACUITE triple B) to 'ACUITE BB+' (read as ACUITE double B plus) and short term rating to 'ACUITE A4+' (read as A four plus) from 'ACUITE A3+' (read as ACUITE A three plus) on the Rs.34.00 Cr bank facilities of Agrawal Sponge Private Limited (ASPL). This rating is now an indicative rating and is based on the best available information. The rating has been downgraded on account of information risk.

About the Company

Incorporated in 2004, Agrawal Sponge Private Limited (ASPL) was taken over by the current directors in 2012. The company is involved in the manufacture of sponge iron with an installed capacity of 66,000 MTPA and MS ingots with an installed capacity of 15,000 MTPA. The manufacturing facility of company is located in Raipur, Chhattisgarh. ASPL's board of directors include Mr. Kailash Chand Agrawal, Mrs. Rajni Devi Agrawal, Mr. Ankur Agrawal and Mr. Amol Agrawal.

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 endeavoured 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 statements despite repeated requests.

Status of non-cooperation with previous CRA

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|--------------------------------|------------|-----------------|--------------------------------|
| 31 Aug 2021 | Bank Guarantee | Short Term | 2.50 | ACUITE A3+ (Assigned) |
| | Cash Credit | Long Term | 24.00 | ACUITE BBB Stable (Assigned) |
| | Letter of Credit | Short Term | 7.50 | ACUITE A3+ (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Rating |
|----------------------|----------------|----------------------|-------------------------|--------------------|----------------------|--------------------------|--|
| HDFC Bank Ltd | Not Applicable | Bank Guarantee (BLR) | Not Applicable | Not Applicable | Not Applicable | 2.50 | ACUITE A4+ Downgraded Issuer not co-operating* |
| HDFC Bank Ltd | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | 24.00 | ACUITE BB+ Downgraded Issuer not co-operating* |
| HDFC Bank Ltd | Not Applicable | Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 7.50 | ACUITE A4+ Downgraded Issuer not co-operating* |

Contacts

| Analytical | Rating Desk |
|---|--|
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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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