

Press Release

VEL STEEL TUBES AND ENGINEERING PRIVATE LIMITED

July 19, 2023

Rating Downgraded and Issuer not co-operating



Product	Quantum (Rs. Cr)	Long Term Rating	St
Bank Loan Ratings	17.00	ACUITE D Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	17.00	-	-

Rating Rationale

Acuite has downgraded its long term rating to 'ACUITE D' (read as ACUITE D) from 'ACUITE B+' (read as ACUITE B plus) on the Rs 17.00 crore bank facilities of Vel Steel Tubes & Engineering Private Limited. The rating continues to be flagged as "Issue Not Cooperating". The downgrade is on account of default as recognized from CIBIL website for the bank loan facilities availed from Bank Of Baroda.

About the Company

Vel Steel Tubes & Engineering Private Limited (VSTEPL) was incorporated in 2008 by Mr. R.Srinivasan and his family members. The Chennai-based company promoted is engaged in manufacturing of manufactures mild-steel tubes and pipes. The company procures steel coils from TATA steel, Jindal Steel and JSW steels. The company caters to reputed client such as BHEL, L&T and also to other retail client through dealers.

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.

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."

Material Covenants

None

Liquidity Position

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

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Status of non-cooperation with previous CRA

Not Applicable

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

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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
17 May 2023	Proposed Cash Credit	Long Term	3.00	ACUITE B+ (Issuer not co-operating*)
	Term Loan	Long Term	1.17	ACUITE B+ (Issuer not co-operating*)
	Cash Credit	Long Term	12.00	ACUITE B+ (Issuer not co-operating*)
	Proposed Long Term Loan	Long Term	0.83	ACUITE B+ (Issuer not co-operating*)
18 Feb 2022	Proposed Long Term Loan	Long Term	0.83	ACUITE B+ (Issuer not co-operating*)
	Proposed Cash Credit	Long Term	3.00	ACUITE B+ (Issuer not co-operating*)
	Cash Credit	Long Term	12.00	ACUITE B+ (Issuer not co-operating*)
	Term Loan	Long Term	1.17	ACUITE B+ (Issuer not co-operating*)
18 Nov 2020	Proposed Cash Credit	Long Term	0.83	ACUITE B+ (Issuer not co-operating*)
	Term Loan	Long Term	1.17	ACUITE B+ (Issuer not co-operating*)
	Cash Credit	Long Term	12.00	ACUITE B+ (Issuer not co-operating*)
	Proposed Cash Credit	Long Term	3.00	ACUITE B+ (Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE D Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE D Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.83	ACUITE D Downgraded Issuer not co-operating*
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.17	ACUITE D Downgraded Issuer not co-operating*

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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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