

Rating Rationale

22 Sept 2020

Arjun Alloys

Brickwork Ratings revises/reaffirms the Rating for the Bank Loan facilities of ₹ 16.92 Crore of Arjun Alloys based on best available information, as the issuer did not cooperate.

Particulars :

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (March,2018)	Present
Fund Based	16.00	16.00	Long Term	BWR BB (Stable)	BWR C Issuer not cooperating* (Downgraded)
Non-fund Based	0.92	0.92	Short Term	BWR A4	BWR A4 Issuer not cooperating* (Reaffirmed)
Total	16.92	16.92	₹ Sixty Two Crores and Sixty Two Lakhs Only		

Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

* Issuer did not cooperate, based on best available information.

Details of Bank facilities are provided in Annexure-I&II

RATING ACTION / NATURE OF NON-COOPERATION

The rating was due for annual review and BWR took up with the client to provide the required information over emails and through telephone calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information and submission of monthly NDS (No Default Statements) from the Firm on a regular basis, BWR is unable to assess the Firm's financial performance and its ability to service its debt and maintain a valid rating.

Further, there are seven entities in the steel business, collectively referred to as the Agarwal group with common promoters. Two of the seven group companies, namely Agarwal Mittal Concast Pvt. Ltd. and Vicor Stainless Pvt Ltd have defaulted in the past.. Hence, the ratings reflect weakening of the Agarwal group's business risk profile.

On account of inadequate information due to lack of management cooperation and publicly available information, Brickworks Ratings has downgraded the long term rating to BWR C, reaffirmed the short term rating to BWR A4 and categorized the ratings as "Issuer Not Cooperating".



LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, non-cooperation by the rated entities to provide the required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should, therefore, take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholdings of the information required for a review of the rating.

FIRM PROFILE (Information as available in March-2018)

Arjun Alloys, a partnership firm was established in May 2007. The partners of the firm are Mr. Vivek Agarwal and Ms. Arpita Agarwal. The firm has established a steel melting facility at Sarkhej, Ahmedabad. The firm is engaged in manufacturing of SS and Alloy Ingots. The installed capacity of the plant is 12,000 MTPA. The firm manufactures ingots from scrap which is sourced through traders. The firm deals directly with a few customers and has tie ups with well established traders in the market. The firm is supplying ingots for further rolling to its group companies and other customers as well.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: Not Applicable

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

S. No	Facility	Current Rating (2020)			Rating History		
		Type	Amount (₹ Crs)	Rating	2019 [^]	13March 2018	2017
1	Fund Based	Long Term	16.00	BWR C [Downgraded] Issuer not Cooperating*	-	BWR BB (Stable)	-
2	Non-Fund Based	Short Term	0.92	BWR A4 Issuer not cooperating* (Reaffirmed)	-	BWR A4	-
	Total		16.92	₹ Sixty Two Crores and Sixty Two Lakhs Only			

* Issuer did not cooperate, based on best available information.

[^]Rating moved to Not reviewed advisory dated 14 June 2019.

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf



For any other criteria obtain hyperlinks from the website

- General Criteria
- What constitutes Non- cooperation
- Default Recognition Default Curing Period

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Arjun Alloys

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Oriental Bank of Commerce	Fund Based Cash Credit	16.00	0.00	16.00
2	Oriental Bank of Commerce	Non-Fund Based Bank Guarantee	0.00	0.92	0.92
		Total	16.00	0.92	16.92

Total ₹ Sixty Two Crores and Sixty Two Lakhs Only.

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About Brickwork Ratings : Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partners. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



DISCLAIMER Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.