



Press Release

Eloquent Steel Pvt Ltd

June 12, 2021

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Fund Based Facilities	65.00	IVR BB (CE); ISSUER NOT COOPERATING* (IVR Double B [Credit Enhancement]^; Issuer Not Cooperating)	Revised from IVR BBB-(CE)/ Stable (IVR Triple B minus[Credit Enhancement]^ with Stable Outlook) and moved to Issuer not co-operating
Short Term Fund Based Facilities	25.00	IVR A4 (CE); ISSUER NOT COOPERATING* (IVR Single A Four [Credit Enhancement]^; Issuer Not Cooperating)	Revised from IVR A3 (CE) (IVR Single A three [Credit Enhancement]^ and moved to Issuer not co-operating
Total	90.00		

**Issuer did not cooperate; based on best available information*

^ Based on an unconditional and irrevocable shortfall undertaking from Shakambari Ispat & Power Limited

Details of Facility are in Annexure 1

Detailed Rationale

The rating revision is because of lack of adequate information regarding the performance of both Eloquent Steel Pvt Ltd (ESPL) and Shakambari Ispat & Power Limited (SIPL) and hence the uncertainty around their credit risk. Infomerics assesses whether the information available about the company is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide multiple E-mail communications dated February 4, 2021, March 5, 2021, April 23, 2021, May 31, 2021, June 3, 2021 and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted all the essential details.



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Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the long- term and short-term rating for the bank loan facilities of Eloquent Steel Pvt. Ltd. aggregating to Rs. 90.00 crore shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the rating be noted as "IVR BB(CE)/IVR A4(CE): Issuer Not Co-operating; Based on best available information. (IVR Double B [Credit Enhancement] and IVR A Four [Credit Enhancement]: Issuer Not Co-operating; Based on best available information)". Its unsupported rating be noted as "IVR BB: Issuer Not Co-operating; Based on best available information. (IVR Double B: Issuer Not Co-operating; Based on best available information)".

Analytical Approach: Credit Enhancement (CE) rating: Assessment of the credit profile of SIPL, provider of an unconditional and irrevocable shortfall undertaking for servicing of the bank facilities of ESPL.

Unsupported rating: Standalone

Applicable Criteria:

Guidelines on what constitutes Non-Cooperation by clients

Rating Methodology for Manufacturing Companies

Rating Methodology for Structure Debt Transaction (Non-Securitisation Transaction)

Financial Ratios & Interpretation (Non-Financial Sector)

About the Company

Eloquent Steel Pvt. Ltd. (ESPL), was incorporated in 2012 and the company was engaged in trading of goods. However, in November 2017, the company was taken over by Mr Deepak Agarwal. ESPL acquired existing plants in Q3FY18, through auction from Official Liquidator of Honourable High Court, Kolkata, and also through bidding in auction notice from bank. Both the plants consisted of ferro-alloy manufacturing facilities as well as steel melting shop. The production has started in November, 2018. The plant capacity is 43645 MTPA of Silico Manganese, as well as 400 Tonnes per day of billets is being manufactured.

Financials (Standalone)

(Rs. Crore)



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For the year ended* / As On	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	72.34	323.34
EBITDA	1.78	11.16
PAT	1.11	2.03
Total Debt	39.88	107.44
Tangible Net Worth	46.11	48.14
EBITDA Margin %	2.46	3.45
PAT Margin %	1.52	0.62
Overall Geating (x)	0.86	2.23

*Based on Infomerics classification

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Cash Credit	Long Term	33.50	IVR BB (CE); ISSUER NOT COOPERATING*	-	IVR BBB-(CE)^/Stable (Mar 19, 2020)	IVR BBB-(CE)^/Stable (Dec 14, 2018)
2.	Term Loan	Long Term	31.50	IVR BB (CE); ISSUER NOT COOPERATING*	-	IVR BBB-(CE)^/Stable (Mar 19, 2020)	IVR BBB-(CE)^/Stable (Dec 14, 2018)
3.	Letter of Credit	Short Term	10.00	IVR A4 (CE); ISSUER NOT COOPERATING*	-	IVR A3(CE)^ (Mar 19, 2020)	IVR A3(CE)^ (Dec 14, 2018)
4.	Bank Guarantee	Short Term	15.00	IVR A4 (CE); ISSUER NOT COOPERATING*	-	IVR A3(CE)^ (Mar 19, 2020)	IVR A3(CE)^ (Dec 14, 2018)

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^Based on an unconditional and irrevocable shortfall undertaking of Shakambhari Ispat & Power Ltd (SIPL).

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Firm's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	33.50	IVR BB (CE)^; ISSUER NOT COOPERATING*
Term Loan	-	-	Mar-2026	31.50	IVR BB (CE)^; ISSUER NOT



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					COOPERATING*
Letter of Credit	-	-	-	10.00	IVR A4 (CE)^; ISSUER NOT COOPERATING*
Bank Guarantee	-	-	-	15.00	IVR A4 (CE)^; ISSUER NOT COOPERATING*

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