

Garg Industries Limited

November 06, 2018

Summary of Rated Instrument:

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based limits	22.00	22.00	[ICRA]B (Stable) ISSUER NOT COOPERATING*; Revised from [ICRA]BB (Stable), Rating continues to remain under 'Issuer Not Cooperating' category
Non-fund based limits	2.00	2.00	[ICRA]A4 ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Total	24.00	24.00	

*Issuer did not co-operate; based on best available information.

Rating action

ICRA has downgraded the long-term rating for the Rs. 22.0¹ crore fund-based limits of Garg Industries Limited (GIL or the company)² to [ICRA]B (pronounced ICRA B) ISSUER NOT COOPERATING from [ICRA]BB (pronounced ICRA Double B) ISSUER NOT COOPERATING. The outlook on the long-term rating is Stable. Further, ICRA has reaffirmed the short-term rating for the Rs. 2.0 crore non-fund based limits of GIL at [ICRA]A4 (pronounced ICRA A4) ISSUER NOT COOPERATING. The ratings continue to remain in the 'Issuer Not Cooperating' category.

As part of its process and in accordance with its rating agreement with GIL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information, and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Rationale

The rating revision takes into account ICRA's expectation of deterioration in GIL's financial profile post the significant weakening in the overall credit profile of other group entities namely Raipur Power and Steel Limited (RPSL, rated [ICRA]D ISSUER NOT COOPERATING) and Parth Concast Limited (PCL, rated [ICRA]D ISSUER NOT COOPERATING).

Analytical approach

ICRA has applied its rating methodologies/policies as indicated below:

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

Links to applicable criteria:

[Policy in respect of non-cooperation by the rated entity](#)

[Corporate Credit Rating Methodology](#)

About the company:

Incorporated in 1991, GIL manufactures wire rods from steel billets (capacity of 36,000 tonne per annum or TPA) at its manufacturing facilities in Ludhiana. The company is promoted by the Garg family of Ludhiana – Mr. N.D. Garg, Mr. Vinod Garg and Mr. Balraj Garg. The promoters of the company have set-up two other companies – RPSL and PCL. RPSL manufactures sponge iron, ferro alloys, billets, iron ore pellets, wire rods and HB wires in Durg, Chattisgarh. PCL manufactures billets from sponge iron at its manufacturing facilities located adjacent to those of RPSL in Durg.

Status of non-cooperation with previous CRA:

CARE Ratings has issued press release dated August 20, 2018, wherein the rating of 'CARE BB+ (Stable)/CARE A4+' on GIL's Rs. 22 crore bank limits has been revised to 'CARE B+ (Stable)/CARE A4; ISSUER NOT COOPERATING' on the basis of best available information.

Any other information: None

Rating history for last three years

Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2019)		
				Date & Rating November 2018	Date & Rating in FY2018 August 2017	Date & Rating in FY2017 August 2016
1 Fund-based limits	Long Term	22.00	-	[ICRA]B (Stable) ISSUER NOT COOPERATING	[ICRA]BB (Stable) ISSUER NOT COOPERATING	[ICRA]BB (Stable)
2 Non-fund based limits	Short Term	2.00	-	[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]A4

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based limits	-	-	-	22.00	[ICRA]B (Stable) ISSUER NOT COOPERATING
NA	Non-fund based limits	-	-	-	2.00	[ICRA]A4 ISSUER NOT COOPERATING

Source: GIL

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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