



Press Release

T. R. Chemicals Ltd

December 03, 2020

Ratings

Facilities	Amount (INR crore)	Current Ratings	Rating Action
Long Term Facility – Fund Based - Cash Credit	9.00	IVR B ISSUER NOT COOPERATING (IVR Single B ISSUER NOT COOPERATING)	Rating Revised and moved to ISSUER NOT COOPERATING
Long Term Facility – Fund Based – Term Loan	7.08	IVR B ISSUER NOT COOPERATING (IVR Single B ISSUER NOT COOPERATING)	Rating Revised and moved to ISSUER NOT COOPERATING
Short Term Facility – Non Fund Based - Bank Guarantee / Letter of Credit*	1.00	IVR A4 ISSUER NOT COOPERATING (IVR A Four ISSUER NOT COOPERATING)	Rating Re-affirmed and moved to ISSUER NOT COOPERATING
Total	17.08		

**The facilities are interchangeable*

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating revision to the bank facilities of T. R. Chemicals Ltd reflects lack of adequate information available about the performance of the company and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity 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 entity, despite the rating revision.



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Note on non-cooperation

Infomerics has repeatedly followed up with the company to provide information to monitor the rating(s) vide e-mail dated October 14th 2020, November 18th 2020 and November 23rd 2020 along with telephonic conversations. However, despite repeated requests, the company has failed to submit Audited financial statements for FY20 and other data for review. In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics has moved the long term and short term rating for the bank loan facilities of T. R. Chemicals Ltd aggregating to INR17.08 crore to the 'ISSUER NOT COOPERATING' category. The rating is now revised and denoted as IVR B ISSUER NOT COOPERATING (pronounced IVR Single B ISSUER NOT COOPERATING) and IVR A4 ISSUER NOT COOPERATING (pronounced IVR A Four ISSUER NOT COOPERATING). 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 company.

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Analytical Approach & Applicable Criteria

Standalone

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Guidelines on what constitutes Non-Cooperation by Clients

About the Company

T. R. Chemicals Limited (TRCL) was established in the year 1993; they specialise in the manufacture of sponge iron (earlier the company also used to manufacture synthetic industrial resins meant for industrial and household usage). The company is promoted by Mr. Vishesh Kapoor, Mr. Sunil Kumar Agarwal and Mr. Prakash Kumar Tripathy, they possess over 25 years of experience in the steel industry. They have their base of operations in Odisha. Their manufacturing unit was established for the primary purpose of manufacturing chemicals used in refractories and bricks, later on they moved on to the manufacture of sponge



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iron solely. The company is presently having 3 kilns with a capacity of 50 TPD (45000 MT per annum) for the production of sponge iron. They cater to foundries and ingot manufacturers, wherein sponge iron is used as a cheaper and reliable alternative to scrap. Odisha accounts for the largest share of sponge iron manufacturing in India followed by Chhattisgarh, Jharkhand and West Bengal having large iron ore reserves. TRCL has a majority of its suppliers within the state of Odisha, including Orissa Mining Corporation Ltd, South Eastern Coalfields Ltd and Essel Mining and Industries among others. R. Chemicals Limited (TRCL) was established in the year 1993; they specialise in the manufacture of sponge iron (earlier the company also used to manufacture synthetic industrial resins meant for industrial and household usage). The company is promoted by Mr. Vishesh Kapoor, Mr. Sunil Kumar Agarwal and Mr. Prakash Kumar Tripathy, they possess over 25 years of experience in the steel industry. They have their base of operations in Odisha. Their manufacturing unit was established for the primary purpose of manufacturing chemicals used in refractories and bricks, later on they moved on to the manufacture of sponge iron solely. The company is presently having 3 kilns with a capacity of 50 TPD (45000 MT per annum) for the production of sponge iron. They cater to foundries and ingot manufacturers, wherein sponge iron is used as a cheaper and reliable alternative to scrap. Odisha accounts for the largest share of sponge iron manufacturing in India followed by Chhattisgarh, Jharkhand and West Bengal having large iron ore reserves. TRCL has a majority of its suppliers within the state of Odisha, including Orissa Mining Corporation Ltd, South Eastern Coalfields Ltd and Essel Mining and Industries among others.



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Financials*

(INR crore)

For the year ended / As on	31-03-18	31-03-19
	Audited	Audited
Total Operating Income	60.92	81.77
EBITDA	6.76	8.41
PAT	0.36	1.58
Total Debt	17.33	16.73
Tangible Net worth	10.61	6.27
Ratios		
a. EBIDTA Margin (in %)	11.10	10.28
b. PAT Margin (in %)	0.60	1.92
c. Overall Gearing ratio (x)	1.63	2.67

Note: The above figures are as per information available on the MCA website.

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: None



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Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Type	Current Rating (Year 2020-21)		Rating History for the past 3 years		
			Amount outstanding (INR crore)	Assigned Rating	Date(s) & Rating(s) assigned in 19-20 (October 16, 2019)	Date(s) & Rating(s) assigned in 18-19	Date(s) & Rating(s) assigned in 17-18
1.	Long Term Facility – Fund Based - Cash Credit	Long Term	9.00	IVR B ISSUER NOT COOPERATING	IVR B+/Stable Outlook	-	-
2.	Long Term Facility –Fund Based – Term Loan	Long Term	7.08	IVR B ISSUER NOT COOPERATING	IVR B+/Stable Outlook	-	-
3.	Short Term Facility – Non Fund Based - Bank Guarantee / Letter of Credit*	Short Term	1.00	IVR A4 ISSUER NOT COOPERATING	IVR A4	-	-

**The facilities are interchangeable*

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. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



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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 Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Facility – Fund Based - Cash Credit	--	--	--	9.00	IVR B ISSUER NOT COOPERATING
Long Term Facility – Fund Based – Term Loan	--	--	--	7.08	IVR B ISSUER NOT COOPERATING
Short Term Facility – Non Fund Based - Bank Guarantee / Letter of Credit*	--	--	--	1.00	IVR A4 ISSUER NOT COOPERATING

*The facilities are interchangeable