

Press Release

CNC Automotive

December 10, 2019



Rating Update

| | |
|-------------------------------------|------------------------------------------------------------------------|
| Total Bank Facilities Rated* | Rs. 13.00 Cr. # |
| Long Term Rating | ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating* |

Refer Annexure for details

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

Acuité has downgraded the long term rating of CNC Automotive (CNC) to '**ACUITE BB+** (read as **ACUITE double B plus**) from '**ACUITE BBB** (read as **ACUITE triple B**). The rating continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

CNC Automotive was established on 15 March, 2001 as a partnership firm by Mr. Mahesh N Shah, Mr. Vivek J Shah, and Mr. Jayant N Shah. Later on 01 April 2006, Mrs. Pravina J Shah, Mrs. Reena V Shah, Mrs. Smita M Shah and Mr. Jay M Shah joined as partners. The entity is engaged in manufacturing of ready to use precision machined components, mainly for automobile sector. The entity also manufactures cloth fibre for automotive sector and is engaged in surface treatment of components.

The entity operates from its factories at Peenya Industrial area, Bangalore and has two branches in its vicinity. The entity is a part of CNC Automotive group which was found in 1969. The group is engaged in manufacturing of precision turned components and sub-assemblies for the automotive, hydraulic, general engineering and telecommunication sectors. The entity caters to domestic market and started exporting in FY2016-17, and has two subsidiaries, namely, Acetech and Kaizen CNC Centre Private Limited. The entity was awarded BOSCH award in appreciation of their active promotion and implementation of 'Poka Yoke' in their manufacturing process in FY2009.

Non-cooperation by the issuer/borrower

Acuité 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 due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities- <https://www.acuite.in/view-rating-criteria-4.htm>

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). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité 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 attempts

Status of non-cooperation with previous CRA (if applicable)

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.

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|---------------|---------------------------------|-----------|------------------|------------------------------|
| 29-Jun-2019 | Cash Credit | Long Term | 1.00 | ACUITE BBB (Indicative) |
| | Term Loan | Long Term | 4.00 | ACUITE BBB (Indicative) |
| | Proposed Cash Credit | Long Term | 0.50 | ACUITE BBB (Indicative) |
| | Proposed Long Term Loan | Long Term | 7.50 | ACUITE BBB (Indicative) |
| 06-April-2018 | Cash Credit | Long Term | 1.00 | ACUITE BBB (Indicative) |
| | Term Loan | Long Term | 4.00 | ACUITE BBB (Indicative) |
| | Proposed Cash Credit | Long Term | 0.50 | ACUITE BBB (Indicative) |
| | Proposed Long Term Loan | Long Term | 7.50 | ACUITE BBB (Indicative) |
| 09-May-2017 | Cash Credit | Long Term | 1.00 | Acuite BBB/Stable (Assigned) |
| | Term Loan | Long Term | 4.00 | Acuite BBB/Stable (Assigned) |
| | Proposed Cash Credit | Long Term | 0.50 | Acuite BBB/Stable (Assigned) |
| | Proposed Long Term Loan | Long Term | 7.50 | Acuite BBB/Stable (Assigned) |

#Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings |
|-------------------------|------------------|----------------|----------------|-----------------------------|------------------------------------------------------------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 1.00 | ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating* |
| Term Loan | Not Applicable | Not Applicable | Not Applicable | 4.00 | ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating* |
| Proposed Cash Credit | Not Applicable | Not Applicable | Not Applicable | 0.50 | ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating* |
| Proposed Long Term Loan | Not Applicable | Not Applicable | Not Applicable | 7.50 | ACUITE BB+ (Downgraded from ACUITE BBB) Issuer not co-operating* |

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

Contacts

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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