



**Press Release**  
**CNC Automotive**  
**August 16, 2023**

**Rating Reaffirmed and Issuer not co-operating**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13.00	ACUITE BB-   Reaffirmed   Issuer not co-operating*	-
<b>Total Outstanding Quantum (Rs. Cr)</b>	13.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating to '**ACUITE BB-' (read as ACUITE double B minus)** on the Rs. 13.00 crore bank facilities of CNC Automotive (CNC). The rating continues to be flagged as "Issuer Not-Cooperating" and is based on best available information.

**About the Company**

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, Acutech 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:**

Acuite 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 the due date.

Acuite 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.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

**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.

### **Rating Sensitivity**

No information provided by the issuer / available for Acuite to comment upon.

### **Material Covenants**

Not Applicable.

### **Liquidity Position**

No information provided by the issuer / available for Acuite to comment upon.

### **Outlook**

Not Applicable.

### **Other Factors affecting Rating**

Not Applicable.

## Key Financials

Particulars	Unit	FY 16 (Actual)	FY 15 (Actual)
Operating Income	Rs. Cr.	85.07	77.33
PAT	Rs. Cr.	1.91	1.92
PAT Margin	(%)	2.25	2.48
Total Debt/Tangible Net Worth	Times	0.15	0.08
PBDIT/Interest	Times	15.16	14.77

## Status of non-cooperation with previous CRA

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.

## Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 May 2022	Cash Credit	Long Term	1.00	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	4.00	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Proposed Long Term Loan	Long Term	7.50	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Proposed Cash Credit	Long Term	0.50	ACUITE BB- (Downgraded and Issuer not co-operating*)
12 Feb 2021	Cash Credit	Long Term	1.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Proposed Long Term Loan	Long Term	7.50	ACUITE BB (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	4.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Proposed Cash Credit	Long Term	0.50	ACUITE BB (Downgraded and Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE BB-   Reaffirmed   Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	0.50	ACUITE BB-   Reaffirmed   Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	7.50	ACUITE BB-   Reaffirmed   Issuer not co-operating*
Canara Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.00	ACUITE BB-   Reaffirmed   Issuer not co-operating*

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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