

Press Release

Kothari Fermentation And Biochem Limited

October 05, 2021



Rating update

Total Bank Facilities Rated	Rs.45.00 Cr.
Long Term Rating	ACUITE BB+ (Indicative; Downgraded)
Short Term Rating	ACUITE A4+ (Indicative; Downgraded)

* Refer Annexure for details

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

Rating Rationale

Acuité has downgraded the long-term rating to '**ACUITE BB+** (read as **ACUITE Double B plus**) from **ACUITE BBB** (read as **ACUITE triple B**) and also downgraded the short term rating to '**ACUITE A4+** (read as **ACUITE A four plus**) from '**ACUITE A3+** (read as **ACUITE A Three plus**) on the Rs.45.00 Cr bank facilities of Kothari Fermentation and Biochem Limited. This rating is now an indicative rating and is based on best available information.

About the company

Kothari Fermentation & Biochem Limited (KFBL) was incorporated in the year 1990 as a public limited company at Village Rajarampur, Bulandshahar (Uttar Pradesh). The company was set up by Mr. Moti Lal Kothari (Chairman, KFBL) and is now being managed by his son, Mr. Pramod Kothari (Managing Director). The company is engaged in the production of yeast and its derivatives (Fresh Yeast, Active Dried Yeast, Instant Dried Yeast, Live Yeast & Yeast Extract Powder) for the past three decades for clients in the food products, alcohol fermentation and pharmaceuticals industry with an installed capacity of 25000 metric ton per annum. The major raw material used in the production of yeast is 'molasses' which is procured from the local farmers and UP State Sugar Corporation. The company sells its product under the brand 'Sunrise'.

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

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of KFBL to arrive at the rating.

Applicable Criteria

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

Liquidity Indicators - "No information provided by the issuer / available for Acuite to comment upon."

Rating Sensitivity - "No information provided by the issuer / available for Acuite to comment upon."

About the Rated Entity - Key Financials (Standalone)

The rated entity has not shared the latest financial statements despite repeated requests.

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount	Ratings/Outlook
			(Rs. Crore)	
14-July-2020	Cash Credit	Long term	13.00	ACUITE BBB/Stable (Reaffirmed)
	Term Loan	Long term	20.45	ACUITE BBB/Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long term	1.55	ACUITE BBB/Stable (Reaffirmed)
	Bank Guarantee	Short term	3.00	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short term	7.00	ACUITE A3+ (Assigned)
30-Oct-2019	Cash Credit	Long term	5.00	ACUITE BBB/Stable (Reaffirmed)
	Term Loan	Long term	25.57	ACUITE BBB/Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long term	1.43	ACUITE BBB/Stable (Reaffirmed)
	Bank Guarantee	Short term	3.00	ACUITE A3+ (Reaffirmed)
7-Sept-2018	Cash Credit	Long term	5.00	ACUITE BBB/Stable (Upgraded)
	Term Loan	Long term	22.57	ACUITE BBB/Stable (Upgraded)
	Proposed Long Term Bank Facility	Long term	4.43	ACUITE BBB/Stable (Upgraded)
	Bank Guarantee	Short term	3.00	ACUITE A3+ (Upgraded)

*Annexure – Details of instruments rated

Name of the bank	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Punjab National Bank	Cash Credit	Not Applicable	Not Applicable	Not Applicable	13.00	ACUITE BB+ (Indicative and Downgraded)
Punjab National Bank	Term Loan	Not Available	Not Available	Not Available	20.45	ACUITE BB+ (Indicative and Downgraded)
Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.55	ACUITE BB+ (Indicative and Downgraded)

Punjab National Bank	Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A4+ (Indicative and Downgraded)
Punjab National Bank	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE A4+ (Indicative and Downgraded)

Contacts

Analytical	Rating Desk
<p>Pooja Ghosh Head- Corporate and Infrastructure Sector Ratings Tel: 033-6620 1203 pooja.ghosh@acuite.in</p> <p>Srijita Chatterjee Analyst - Rating Operations Tel: 033-6620 1212 srijita.chatterjee@acuite.in</p>	<p>Varsha Bist Senior Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in</p>

About Acuité Ratings & Research

Acuité Ratings & Research 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 8,850 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 Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.