

Press Release

Komal Cashews

February 18, 2019

Rating Update



| | |
|-------------------------------------|--|
| Total Bank Facilities Rated* | Rs. 10.00 Cr. # |
| Long Term Rating | ACUITE BB- Issuer not co-operating* |
| Short Term Rating | ACUITE A4+ Issuer not co-operating* |

Refer Annexure for details

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

Acuite has reviewed long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating of '**ACUITE A4+**' (read as '**ACUITE A four plus**') on the Rs. 10.00 crore bank facilities of Komal Cashews (KC). This rating is now an indicative rating and is based on best available information.

The Udupi based, KC was established in 2014 and is engaged in manufacturing raw kernels and graded cashew kernels. The firm has an installed capacity of 10-12 tons per day which is utilized at around 50 percent.

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 due date.

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

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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). Acuite endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

| | Unit | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|---------------|---------------|
| Operating Income | Rs. Cr. | 20.59 | 9.42 |
| EBITDA | Rs. Cr. | 1.53 | 0.51 |
| PAT | Rs. Cr. | 0.41 | 0.02 |
| EBITDA Margin | (%) | 7.44 | 5.41 |
| PAT Margin | (%) | 1.97 | 0.26 |
| ROCE (%) | (%) | 16.99 | 9.29 |
| Total Debt/Tangible Net Worth | Times | 1.71 | 2.11 |
| PBDIT/Interest | Times | 2.34 | 1.94 |
| Total Debt/PBDIT | Times | 3.50 | 8.53 |
| Gross Current Assets (Days) | Days | 106 | 221 |

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

CRISIL Limited in its press release dated September 19, 2017 had inter-alia mentioned the following: 'CRISIL has been consistently following up with Komal Cashews (KC) for obtaining information through letters and emails dated July 13, 2017 and August 10, 2017 among others, apart from telephonic communication. However, the issuer has remained non cooperative.'

Any other information

Acuite 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 |
|-------------|---------------------------------|------------|------------------|--------------------------------|
| 22-Dec-2017 | Cash Credit | Long Term | 2.00 | ACUITE BB- / Stable (Assigned) |
| | Short Term Loan | Short Term | 5.25 | ACUITE A4+ (Assigned) |
| | Proposed CashCredit | Long Term | 1.00 | ACUITE BB- / Stable (Assigned) |
| | Proposed Short Term Loan | Short Term | 1.75 | ACUITE A4+ (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 | 2.00 | ACUITE BB- Issuer not co-operating* |
| Short-term loan | Not Applicable | Not Applicable | Not Applicable | 5.25 | ACUITE A4+ Issuer not co-operating* |
| Proposed Cash Credit | Not Applicable | Not Applicable | Not Applicable | 1.00 | ACUITE BB- Issuer not co-operating* |
| Proposed Short Term Loan | Not Applicable | Not Applicable | Not Applicable | 1.75 | ACUITE A4+ Issuer not co-operating* |

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

Contacts

| Analytical | Rating Desk |
|--|---|
| Srihari Adari Head - Corporate and Infrastructure Sector Ratings Tel: 040-40042327 srihari.adari@acuite.in Bhavani Sankar Oruganti Senior Analyst - Rating Operations Tel: 040-40055452 bhavanisankar.oruganti@acuiterratings.in | Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in |

About Acuite Ratings & Research:

Acuite 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.

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.