

## Press Release

**Karan Automotives Private Limited**

August 20, 2020



### Rating Update

|                                     |  |
|-------------------------------------|--|
| <b>Total Bank Facilities Rated*</b> | Rs. 13.50 crore                                    |
| <b>Long Term Rating</b>             | ACUITE B+<br>(Downgraded; Issuer not co-operating) |

\* Refer Annexure for details

### Rating Rationale

Acuité has downgraded the long-term rating to '**ACUITE B+** (**read as ACUITE B plus**) from '**ACUITE BB-** (**read as ACUITE double B minus**) on the Rs. 13.50 crore bank facilities of Karan Automotives Private Limited (KAPL). The rating is downgraded on account of information risk.

Delhi based Karan Automotives Private Limited (KAPL) was established as a proprietorship firm in 1998 by Mr. Ravinder Singh and subsequently constitution was changed to a private limited company in 2003. The company is engaged in the manufacturing all kinds of manipulated tubular components, sheet metal parts, precision turned components and their fabricated assemblies for the automobile industry and general engineering industry.

### Analytical Approach

Acuité has considered the standalone business and financial risk profile of KAPL to arrive at the rating.

#### 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 the due date.

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

#### Applicable Criteria

- Entities in Manufacturing Sector- <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.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 endeavoured 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 requests.

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

None

**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 (Up to last three years)**

| Date           | Name of Instrument / Facilities | Term       | Amount (Rs. Cr.) | Ratings/Outlook                 |
|----------------|---------------------------------|------------|------------------|---------------------------------|
| June 06, 2019  | Cash Credit                     | Long-Term  | 6.00             | ACUITE BB- (Withdrawn)          |
|                | Overdraft                       | Long-Term  | 2.65             | ACUITE BB-/ Stable (Reaffirmed) |
|                | Term Loan                       | Long-Term  | 2.20             | ACUITE BB-/ Stable (Reaffirmed) |
|                | Term Loan                       | Long-Term  | 1.70             | ACUITE BB-/ Stable (Assigned)   |
|                | Term Loan                       | Long-Term  | 2.00             | ACUITE BB-/ Stable (Assigned)   |
|                | Working Capital Demand Loan     | Long-Term  | 4.30             | ACUITE BB-/ Stable (Assigned)   |
|                | Inventory Funding Facility      | Long-Term  | 0.65             | ACUITE BB-/ Stable (Assigned)   |
|                | Letter of Credit                | Short-Term | 2.50             | ACUITE A4+ (Withdrawn)          |
| March 21, 2018 | Cash Credit                     | Long-Term  | 6.00             | ACUITE BB-/ Stable (Assigned)   |
|                | Overdraft                       | Long-Term  | 2.65             | ACUITE BB-/ Stable (Assigned)   |
|                | Term Loan                       | Long-Term  | 2.35             | ACUITE BB-/ Stable (Assigned)   |
|                | Letter of Credit                | Short-Term | 2.50             | 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/Outlook                                 |
|-----------------------------|------------------|----------------|----------------|-----------------------------|---|
| Overdraft                   | Not applicable   | Not applicable | Not applicable | 2.65                        | ACUITE B+ (Downgraded; Issuer not-cooperating*) |
| Term Loan                   | Not applicable   | Not applicable | Not applicable | 2.20                        | ACUITE B+ (Downgraded; Issuer not-cooperating*) |
| Term Loan                   | Not applicable   | Not applicable | Not applicable | 1.70                        | ACUITE B+ (Downgraded; Issuer not-cooperating*) |
| Term Loan                   | Not applicable   | Not applicable | Not applicable | 2.00                        | ACUITE B+ (Downgraded; Issuer not-cooperating*) |
| Working Capital Demand Loan | Not applicable   | Not applicable | Not applicable | 4.30                        | ACUITE B+ (Downgraded; Issuer not-cooperating*) |
| Inventory Funding Facility  | Not applicable   | Not applicable | Not applicable | 0.65                        | ACUITE B+ (Downgraded; Issuer not-cooperating*) |

**Contacts**

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**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 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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