



Press Release

Karan Automotives Private Limited

June 19, 2024

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13.50	ACUITE B+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	13.50	-	-

Rating Rationale

Acuite 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 continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

About the Company

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 of all kinds of manipulated tubular components, sheet metal parts, precision turned components and their fabricated assemblies for the automobile industry and general engineering industry.

Unsupported Rating

Not Applicable

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). Acuite endeavored 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 ratings is based.

Rating Sensitivity

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

Liquidity Position

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

Outlook

Not Applicable

Other Factors affecting Rating None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	84.04	78.93
PAT	Rs. Cr.	0.63	4.81
PAT Margin	(%)	0.75	6.10
Total Debt/Tangible Net Worth	Times	4.13	5.17
PBDIT/Interest	Times	1.69	1.57

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

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, Acuite 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Mar 2023	Inventory Funding	Long Term	0.65	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	0.40	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Secured Overdraft	Long Term	2.65	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	1.80	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	1.70	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Working Capital Demand Loan (WCDL)	Long Term	4.30	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
03 Jan 2022	Inventory Funding	Long Term	0.65	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	0.40	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Secured Overdraft	Long Term	2.65	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	1.80	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	1.70	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Working Capital Demand Loan (WCDL)	Long Term	4.30	ACUITE BB- (Reaffirmed & 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
TATA Capital Financial Service Ltd.	Not avl. / Not appl.	Inventory Funding	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.65	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.40	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Axis Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.65	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.80	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
TATA Capital Financial Service Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.70	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
TATA Capital Financial Service Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)
TATA Capital Financial Service Ltd.	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.30	ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-)

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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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