

Press Release

Kannappan Alloy And Steel Company Private Limited

March 29, 2023



Rating Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13.08	ACUITE BB Reaffirmed Issuer not co-operating*	-
Bank Loan Ratings	6.00	-	ACUITE A4+ Reaffirmed Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	19.08	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of '**ACUITE BB**' (read as double B) and reaffirmed the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 19.08 crore bank facilities of Kannappan Alloy and Steel Company Private Limited (KAASCPL). The rating continues to be flagged as "Issuer Not-Cooperating" and is based on best available information.

About the Company

Incorporated in 2014, Kannappan Alloy and Steel Company Private Limited (KAASCOL) is engaged in manufacturing of MS billets of FE 500D quality. The day to day operations are managed by the Managing Director, Mr. Thirumalaiswamy Kannappan who has experience of over three decades in steel industry. He acquired experience of more than 2 decades in the scrap trading business and went on to promote KISCOL in 2005 which is the flagship company of the group. Director, Mrs. Pushpavalli who takes care of day to day activities of overall group especially finance and administration and Mr. Kannappan Pushpavalli Thirumalai Raj who actively looks after day to day affairs production, supervision and marketing aspects of the company. The company has a manufacturing unit in Tirupur, Palladum with capacity of 24000 metric tonnes per annum.

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.

Acuité 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 Acuité'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 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 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	100.40	80.53
PAT	Rs. Cr.	2.15	0.53
PAT Margin	(%)	2.15	0.66
Total Debt/Tangible Net Worth	Times	1.20	0.64
PBDIT/Interest	Times	4.02	2.49

Status of non-cooperation with previous CRA

None

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>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Jan 2022	Proposed Bank Facility	Long Term	1.24	ACUITE BB (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	8.50	ACUITE BB (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	6.00	ACUITE A4+ (Issuer not co-operating*)
	Term Loan	Long Term	0.79	ACUITE BB (Downgraded and Issuer not co-operating*)
	Working Capital Term Loan	Long Term	2.55	ACUITE BB (Downgraded and Issuer not co-operating*)
15 Oct 2020	Cash Credit	Long Term	8.50	ACUITE BB+ Stable (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A4+ (Reaffirmed)
	Proposed Bank Facility	Long Term	1.24	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	0.79	ACUITE BB+ Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	2.55	ACUITE BB+ Stable (Assigned)
30 Sep 2020	Term Loan	Long Term	0.79	ACUITE BB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	1.24	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	8.50	ACUITE BB+ Stable (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A4+ (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.50	ACUITE BB Reaffirmed Issuer not co-operating*
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	1.24	ACUITE BB Reaffirmed Issuer not co-operating*
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.79	ACUITE BB Reaffirmed Issuer not co-operating*
State Bank of India	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	2.55	ACUITE BB Reaffirmed Issuer not co-operating*

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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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