



Press Release

Kanika Investment Limited

July 04, 2024

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE BB Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE BB**' (read as **ACUITE double B**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs.100.00 Cr. bank facilities of Kanika Investment Limited on account of information risk. The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information.

About the Company

Tamil Nadu based Kanika Investment Limited (KIL) was incorporated in 1979, as an investment company for the promoters of Dalmia Bharat Limited (DBL). Subsequently in May 2016, it started its operations as Non-banking financial company (NBFC). Initially, KIL was in various business verticals including dealer financing, unsecured business loans, equipment loans and loans to microfinance institutions but now shifted its focus entirely on dealer financing. KIL has been sold to Shri Nirman Limited (SNL) in Sep, 2017. KIL's shares are currently held by Shri Nirman Limited (SNL) and Keshav Power Limited (KPL). SNL and KPL, both are investment companies of the promoters. The present directors of the company are Mr. Sanjay Naveen Gowan, Mr. Kunal Mehta and Mr. Hemant Kumar.

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 noncooperation by the issuer along with an 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). 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.

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.	3.06	6.78
PAT	Rs. Cr.	(2.19)	(0.23)
PAT Margin	(%)	(71.78)	(3.41)
Total Debt/Tangible Net Worth	Times	0.32	4.20
PBDIT/Interest	Times	(0.18)	0.97

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.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 Acuite Ratings & Research Limited www.acuite.in 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
07 Apr 2023	Cash Credit	Long Term	30.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+ Stable)
	Cash Credit	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+ Stable)
	Proposed Long Term Bank Facility	Long Term	65.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+ Stable)
26 Jul 2022	Cash Credit	Long Term	30.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	65.00	ACUITE BBB+ Stable (Reaffirmed)
27 Apr 2021	Cash Credit	Long Term	60.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Proposed Long Term Bank Facility	Long Term	30.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Term Loan	Long Term	10.00	ACUITE BBB+ (Upgraded & Withdrawn)
	Term Loan	Long Term	5.00	ACUITE BBB+ (Upgraded & Withdrawn)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE BB Downgraded Issuer not co-operating* (from ACUITE BB+)
Bandhan Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BB 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	65.00	ACUITE BB Downgraded Issuer not co-operating* (from ACUITE BB+)

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Abhishek Singh Analyst-Rating Operations Tel: 022-49294065 abhishek.s@acuite.in	Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 rating.desk@acuite.in

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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