

Press Release

K2 METALS PRIVATE LIMITED

October 25, 2023

Rating Downgraded and Issuer not co-operating



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Ra
Bank Loan Ratings	27.50	ACUITE D Downgraded Issuer not co-operating*	-
Bank Loan Ratings	10.00	-	ACUITE D Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	37.50	-	-

Rating Rationale

ACUITE has downgraded the long term rating to 'ACUITE D' (read as ACUITE D) from 'ACUITE B' (read as ACUITE B) and short-term rating to 'ACUITE D' (read as ACUITE D) from 'ACUITE A4' (read as ACUITE A four) on the Rs.37.50 Cr bank facilities of K2 Metals Private Limited (KMPL). The rating continues to be flagged as "Issuer Not-Cooperating" on account of information risk.

The downgrade is on account of irregularities in servicing of debt obligations by KMPL as confirmed its banker.

About the Company

Incorporated in 2009, KMPL is Maharashtra based company engaged in manufacturing of steel wires and galvanized wired in the range of 0.9 mm to 10.00 mm. The company is promoted by Mr. Rahul Kulkarni and Mrs. Megha Kulkarni and KMPL started its operations from 2014. The company has its manufacturing unit located in Jejuri MIDC, Pune with an installed capacity to manufacture 24,000 MTPA.

Non-cooperation by the issuer/borrower:

Acuite has been requesting for No Default Statements (NDS); however, despite multiple requests; the Company's management has remained non-cooperative and not submitted the NDS for the preceding 09 consecutive months. 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 based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statement for Acuite to comment.

Rating Sensitivity

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

All Covenants

None

Liquidity Position

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

Outlook

Not Applicable

Other Factors affecting Rating

Not applicable

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>

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
07 Apr 2023	Letter of Credit	Short Term	10.00	ACUITE A4 (Issuer not co-operating*)
	Term Loan	Long Term	4.76	ACUITE B (Issuer not co-operating*)
	Cash Credit	Long Term	13.00	ACUITE B (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	5.42	ACUITE B (Issuer not co-operating*)
	Term Loan	Long Term	4.32	ACUITE B (Issuer not co-operating*)
27 Jun 2022	Term Loan	Long Term	4.32	ACUITE B Stable (Downgraded from ACUITE BB- Stable)
	Letter of Credit	Short Term	10.00	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE B Stable (Downgraded from ACUITE BB- Stable)
	Proposed Bank Facility	Long Term	5.42	ACUITE B Stable (Downgraded from ACUITE BB- Stable)
	Term Loan	Long Term	4.76	ACUITE B Stable (Downgraded from ACUITE BB- Stable)
05 Apr 2021	Cash Credit	Long Term	13.00	ACUITE BB- Stable (Reaffirmed)
	Term Loan	Long Term	4.78	ACUITE BB- Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A4 (Reaffirmed)
	Proposed Bank Facility	Long Term	9.72	ACUITE BB- Stable (Reaffirmed)
13 May 2020	Proposed Bank Facility	Long Term	0.83	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	6.17	ACUITE BB- Stable (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A4 (Assigned)
	Cash Credit	Long Term	13.00	ACUITE BB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
UCO Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	13.00	ACUITE D Downgraded Issuer not co-operating*
UCO Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE D Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	5.42	ACUITE D Downgraded Issuer not co-operating*
UCO Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.76	ACUITE D Downgraded Issuer not co-operating*
UCO Bank	Not Applicable	Term Loan	01 Sep 2014	12.75	Not available	Simple	4.32	ACUITE D Downgraded 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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