



## Press Release

### VALENCY AGRO PRIVATE LIMITED (ERSTWHILE NIKHIL MERCANTILE PRIVATE LIMITED)

November 07, 2023

Product	Rating Downgraded	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	90.00	ACUITE BB   Downgraded   Issuer not co-operating*	-	-
Bank Loan Ratings	10.00	-	ACUITE A4+   Reaffirmed   Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-	-

## Rating Rationale

Acuite has downgraded its long term rating to '**ACUITE BB**' (read as **ACUITE Double B**) from '**ACUITE BB+**' (read as **ACUITE Double B plus**) and reaffirmed its short term rating at '**ACUITE A4+**' (read as **ACUITE A four plus**) on Rs. 100.00 Cr bank facilities of Valency Agro Private Limited (erstwhile Nikhil Mercantile Private Limited). The rating is now flagged as "Issuer Not-Cooperating" as Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups, and based on the best available information.

The rating has been downgraded on account of information risk.

## About the Company

Incorporated in 2007, Valency Agro Private Limited (erstwhile Nikhil Mercantile Private Limited) is based in Udupi, Karnataka and is engaged in the processing of cashew nuts along with the trading of raw cashew nuts (RCN), soy beans and other agro products. The company has an installed capacity of 40 metric tonne per day. NMPL is headed by Mr. Sumit Jain, Mr. Basba Nand Balodi and Mr. Nitesh Patwari. The company has been taken over by Valency International Pte Ltd. (VIPL) with 100 per cent holding in February 2018.

## 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 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 rating is based.

## Rating Sensitivities

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 Acuité to comment upon.

**Outlook**

Not Applicable

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	302.21	198.21
PAT	Rs. Cr.	4.42	2.28
PAT Margin	(%)	1.46	1.15
Total Debt/Tangible Net Worth	Times	0.69	0.33
PBDIT/Interest	Times	5.32	11.05

### Status of non-cooperation with previous CRA

Not Applicable

### Any other information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
23 Jan 2023	Bills Discounting	Short Term	5.00	ACUITE A4+ (Assigned)
	Short Term Loan	Short Term	5.00	ACUITE A4+ (Assigned)
	Inventory Funding	Long Term	45.00	ACUITE BB+   Stable (Assigned)
	Cash Credit	Long Term	25.00	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	10.00	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	10.00	ACUITE BB+   Stable (Assigned)
01 Nov 2021	Cash Credit	Long Term	10.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	2.00	ACUITE BBB-   Stable (Assigned)
	Proposed Bank Facility	Long Term	3.00	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB-   Stable (Assigned)
	Warehouse Receipt Financing	Long Term	15.00	ACUITE BBB-   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
ICICI Bank Ltd	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A4+   Reaffirmed   Issuer not co-operating*
State Bank of Mauritius Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE BB   Downgraded   Issuer not co-operating*
Indusind Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	35.00	ACUITE BB   Downgraded   Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Inventory Funding	Not Applicable	Not Applicable	Not Applicable	Simple	45.00	ACUITE BB   Downgraded   Issuer not co-operating*
Tata Capital Limited	Not Applicable	Short-term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A4+   Reaffirmed   Issuer not co-operating*

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Geeta Karira Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:geeta.karira@acuite.in">geeta.karira@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### 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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