

Press Release

KAG Industries (KI)

February 24 2018



Rating Update

| | |
|---------------------------------------|-------------------------------------|
| Total Bank Facilities Rated* | Rs.25.00 Cr |
| Long Term Rating (Indicative) | SMERA D Issuer not co-operating* |
| Short Term Rating (Indicative) | SMERA D Issuer not co-operating* |

#Refer Annexure for details

*The issuer did not co-operate; Based on best available information.

SMERA has reviewed the long-term rating of '**SMERA D' (read as SMERA D)**' and short term rating of '**SMERA D' (read as SMERA D)**' on the Rs.25.00 crore bank facilities of KAG Industries. This rating is now an indicative rating and is based on best available information.

Non-cooperation by the issuer/borrower: SMERA 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 due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and SMERA's policies.

Applicable Criteria

- Manufacturing Entities: <https://www.smera.in/criteria-manufacturing.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

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). SMERA endeavoured to gather information about the entity / industry from the public domain. Therefore, SMERA cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity:

KI is a Sirmour, Himanchal Pradesh-based firm incorporated in 2009 by Mr. Anuj Agarwal & Mrs. Prabha Agarwal. The firm undertakes contract manufacturing of malted milk powder, malt and chocolate based nutritional powder. The manufacture unit has a production capacity 30 tonnes per day.

For FY2015-16, the firm reported losses of Rs.0.02 crore on operating income of Rs.19.34 crore, as compared with losses of Rs.0.37 crore on operating income of Rs.0.08 crore in FY2014-15. The net worth stood at Rs.11.59 crore (included quasi equity of Rs.2.53 crore) as on March 31, 2016 as against Rs.7.80 crore (included quasi equity of Rs.2.53 crore) in the previous year.

Rating History for the last three years:

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-----------------|---------------------------------|------------|------------------|-----------------------------|
| 1-December-2016 | Term Loans | Long Term | 7.00 | SMERA D (Downgraded) |
| | Proposed Cash Credit | Long Term | 8.00 | SMERA D (Downgraded) |
| | Proposed Bank Guarantee | Short Term | 10.00 | SMERA D (Downgraded) |
| 26-October-2015 | Term Loans | Long Term | 7.00 | SMERA B/ Stable (Upgraded) |
| | Proposed Cash Credit | Long Term | 8.00 | SMERA B/ Stable (Upgraded) |
| | Proposed Bank Guarantee | Short Term | 10.00 | SMERA B/ Stable (Upgraded) |
| 4-June-2014 | Term Loans | Long Term | 7.00 | SMERA B-/ Stable (Assigned) |

Annexure – Details of instruments rated:

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings |
|------------------------|------------------|-------------|---------------|-------------------------------|-------------------------------------|
| Term Loan | NA | NA | NA | 7.00 | SMERA D Issuer not co-operating* |

| | | | | | |
|-------------------------|----|----|----|-------|-------------------------------------|
| Proposed Cash Credit | NA | NA | NA | 8.00 | SMERA D Issuer not co-operating* |
| Proposed Bank Guarantee | NA | NA | NA | 10.00 | SMERA D Issuer not co-operating* |

*The issuer did not co-operate; Based on best available information.

Contacts:

| Analytical | Rating Desk |
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| Suman Chowdhury President - SMERA Bond Ratings Tel: +91-22-6714 1107 suman.chowdhury@smera.in Manmיתה Sodhi, Analyst - Rating Operations Tel: +91-22-6714 1133 manmיתה.sodhi@smera.in | Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in |

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

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