

Shri Karpadha Agro Foods

May 31, 2018

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long -term Bank Facilities	9.40	CARE D; ISSUER NOT COOPERATING*	Issuer Not Cooperating; Revised from CARE BB-; on the basis of best available information
Total Facilities	9.40 (Rupees Nine Crore and Forty Lakh only)		

Details of instruments/facilities in Annexure

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Shri Karpadha Agro Foods to monitor the rating vide e-mail communications/ letters dated April 26, 2018, May 10, 2018 and May 15, 2018 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the rating. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** The rating on Shri Karpadha Agro Foods's bank facilities will now be denoted as **CARE D; Issuer not Cooperating; ISSUER NOT COOPERATING***

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The ratings have been revised on account of on-going delays.

Detailed description of the key rating drivers

Key Rating Weakness

Ongoing delays in meeting of debt obligations

The firm was unable to generate sufficient cash flows leading to strained liquidity position resulting in ongoing delays in meeting its debt obligations in time.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit rating](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Shri Karpadha Agro Foods (SKAF) is a partnership firm engaged in rice milling business and the present partners are Mr.Arul and Ms.Lalithambigai. Originally the firm was established in 2006 in the name of "Karpadha Agro Foods" (KAF) promoted by Mr.P.Palanisamy, Mrs.P.Dhanam, Mr.P.Kalaivanan and Mr.P.Arul. Subsequently the partnership was reconstituted in April 2015. The installed capacity of SKAF is 50 MT per day as of February 29, 2016 and SKAF utilizes 85% of its installed capacity on an average. SKAF owns storage capacity of 25,000 bags and a rented warehouse of capacity 20,000 bags.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

SKAF procure paddy primarily from farmers and traders in Tamil Nadu. After processing, the rice is packed in 25 kg (80% of the rice sale), 50 kg, and 75 kg bags and marketed with their own brand name “Karpadha” and “Pavai” across Tamil Nadu. The client base of SKAF consists of both wholesalers (50%) and retailers (50%).

By product bran is sold to oil manufacturers in Vilupuram district and husk is used captively as fuel for power generation.

Status of non-cooperation with previous CRA:

SMERA has reviewed the long term rating of ‘SMERA B+’ (read as SMERA B plus) and short term rating of SMERA A4 (read as SMERA A four) on the Rs. 7.25 crore bank facilities of Shri Karpadha Agro Foods (SKAF). 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 since June, 2016. SMERA has also requested for the payment of outstanding surveillance fee.

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporate to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE’s ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	0.90	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	8.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; on the basis of best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	0.90	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating;	1)CARE BB-; ISSUER NOT COOPERATING* (12-May-17)	1)CARE BB- (18-May-16)	-
2.	Fund-based - LT-Cash Credit	LT	8.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating;	1)CARE BB-; ISSUER NOT COOPERATING* (12-May-17)	1)CARE BB- (18-May-16)	-

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