

May 04, 2020

## Vijayalaxmi Cashew Company: Rating Withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short term Fund based	348.00	348.00	[ICRA]A4+; Withdrawn
Short term unallocated	12.00	12.00	[ICRA]A4+; Withdrawn
<b>Total</b>	<b>360.00</b>	<b>360.00</b>	

\*Instrument details are provided in Annexure-1

### Rating action

ICRA has withdrawn the short term rating of [ICRA]A4+ (pronounced ICRA A Four Plus) outstanding on the Rs.360.00 crore bank facilities of Vijayalaxmi Cashew Company.

### Rationale

The ratings have been withdrawn at the request of the company and based on no-objection certificate provided by its bankers, in accordance with ICRA's policy on withdrawal and suspension of credit rating. ICRA does not have requisite information to suggest any change in credit risk since the time the ratings were last reviewed.

### Outlook: Not applicable

### Key rating drivers

Key Rating drivers has not been captured as the rated instrument is being withdrawn

### Liquidity Position:

Not Applicable

### Rating sensitivities

Rating sensitivities has not been captured as the rated instrument is being withdrawn

### Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group Support	NA
Consolidation / Standalone	Standalone

## About the company:

Vijayalaxmi Cashew Company (VLC) was established in 1957 by Shri Ravindranathan Nair and is primarily engaged in processing of cashew kernels. Over 60% of the firm's revenues are derived from exports, while the remaining is from the domestic market. VLC has about 45 cashew factories in Tamil Nadu and Andhra Pradesh, employing about ~12,000 people across categories. The firm procures 30-40% of its RCN requirement from domestic markets while the rest is imported from Africa. Mr. Ravindranathan Nair is the founder of the firm and his sons, Mr. Prathap Nair and Mr. Prakash Nair (also partners in the firm) manage its day-to-day operations.

## Key financial indicators (audited)

Standalone	FY2018	FY2019
Operating Income (Rs. crore)	580.2	266.6
PAT (Rs. crore)	-0.8	-24.7
OPBDIT/OI (%)	3.2%	0.6%
RoCE (%)	7.0%	-1.2%
Total Outside Liabilities/Tangible Net Worth (times)	1.2	1.0
Total Debt/OPBDIT (times)	10.0	81.7
Interest coverage (times)	0.7	0.1
DSCR	1.1	0.0

Source: Company and ICRA Research

**Status of non-cooperation with previous CRA:** CRISIL has suspended its rating on the bank facilities of Vijayalaxmi Cashew Company (VLC). The suspension of ratings is on account of non-cooperation by VLC with CRISIL's efforts to undertake a review of the ratings outstanding. Despite repeated requests by CRISIL, VLC is yet to provide adequate information to enable CRISIL to assess VLC's ability to service its debt. The suspension reflects CRISIL's inability to maintain a valid rating in the absence of adequate information. CRISIL considers information availability risk as a key credit factor in its rating process and non-sharing of information as a first signal of possible credit distress, as outlined in its criteria 'Information availability risk in Credit ratings'

**Any other information: None**

### Rating history for last three years:

Current Rating (FY2020)					Chronology of Rating History for the Past 3 Years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating May 04, 2020	Date & Rating in FY2019 February 22, 2019	Date & Rating in FY2018 August 28, 2017	Date & Rating in FY2017
1 PCH/PCP/FCPC	Short term	348.00	-	[ICRA]A4+; Withdrawn	[ICRA]A4+	[ICRA]A3	-
2 Unallocated	Short term	12.00	-	[ICRA]A4+; Withdrawn	[ICRA]A4+	[ICRA]A3	-

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
-	PCH/PCP/FCPC	-	-	-	348.00	[ICRA]A4+; Withdrawn
-	Unallocated	-	-	-	12.00	[ICRA]A4+; Withdrawn

Source: Vijayalaxmi Cashew Company

### Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
NA	NA	NA

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