



Press Release

M/s Kandhan Knitss

May 21, 2020

Rating

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Packing Credit	10.00*	IVR B-/Stable; ISSUER NOT COOPERATING* (IVR B Minus with Stable Outlook; Issuer Not Cooperating) and IVR A4;ISSUER NOT COOPERATING (IVR A Four; Issuer Not Cooperating)	Rating revised from IVR B/Stable(IVR B with Stable Outlook and IVR A4(IVR A Four) and moved to ISSUER NOT COOPERATING Category)
Proposed long term Facilities	1.00	IVR B-/Stable ; ISSUER NOT COOPERATING* (IVR B Minus with Stable Outlook; Issuer Not Cooperating)	Rating revised from IVR B/Stable(IVR B with Stable Outlook and moved to ISSUER NOT COOPERATING Category)
Short term Facilities – Bill Discounting	7.00	IVR A4 (IVR A Four); ISSUER NOT COOPERATING*	Rating revised from IVR A4 (IVR A Four) and moved to ISSUER NOT COOPERATING Category)

* Issuer did not cooperate; based on best available information

* Including sub limit of Cash Credit of Rs 5.00 crore

Details of Facility are in Annexure 1

Detailed Rationale

Infomerics has been seeking information from M/s Kandhan Knitss to monitor the ratings vide e-mail communications dated May 07, 2020, May 08, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, Infomerics has reviewed the rating on the basis of the best available information.



Press Release

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Non-cooperation by Issuer

Infomerics has been regularly following up with the firm to provide the required data to monitor its assigned rating to the bank facilities. However, despite repeated requests by Infomerics, the company's management has not submitted the essential details.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the long-term rating for the bank loan facilities of M/s Kandhan Knittss aggregating to Rs.18.00 crore shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the rating be noted as IVR B-;Stable: Issuer Not Co-operating; Based on best available information (IVR Single B Minus with Stable outlook: Issuer Not Co-operating; Based on best available information).

Analytical Approach &Applicable Criteria

Standalone

Guidelines on what constitutes Non-Cooperation by clients

Rating Methodology for Trading Companies

Financial Ratios & Interpretation (Non-Financial Sector)

About the Company

Kandhan Knitss was set up in 2003 as a partnership firm. The firm is managed by Mr. P. Dhanapal and Mrs. D. Saranya who have more than a decade of experience in textile industry. The firm is engaged in manufacture of T-shirt, sweat shirts and polos for domestic as well as for other exporter markets. Its manufacturing plant is located at Perumanallur, Tirupur. Kandhan Knitss is a specialist in value added garments. Having started in 2003 with a 12,000 sq.ft. facility, Kandhan Knitss achieved an export turnover of Rs. 10.00 crore in year 2003. In 2017, the promoters acquired 6 embroidery machines to carry out value addition for garments.



Press Release

Financials (Standalone)		(Rs. Crore)	
For the year ended* / As On	31-03-2018	31-03-2019	
	Audited	Audited	
Total Operating Income	46.15	48.45	
EBITDA	0.34	5.78	
PAT	(0.28)	0.69	
Total Debt	19.72	21.54	
Tangible Net Worth	26.50	27.14	
EBITDA Margin %	0.74	11.92	
PAT Margin %	(0.58)	1.40	
Overall Gearing (x)	0.74	0.79	

*Based on Infomerics classification

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

S. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Packing Credit	Long Term/ Short Term	10.00*	IVR B-/Stable Outlook (IVR B Minus with Stable Outlook) and IVR A4(IVR A Four); ISSUER NOT COOPERATING*	IVR B/Stable Outlook (IVR B with Stable Outlook) and IVR A4(IVR A Four) (June 24,2019)	--	--



Press Release

2.	Proposed Long term facilities	Long Term	1.00	IVR B-/Stable Outlook (IVR B Minus with Stable Outlook) ISSUER NOT COOPERATING*	IVR B/Stable Outlook (IVR B with Stable Outlook) (June 24,2019)		
3.	Short term facilities - Bill Discounting	Short Term	7.00	IVR A4 (IVR A Four); ISSUER NOT COOPERATING*	IVR A4 (IVR A Four) (June 24,2019)		

* Issuer did not cooperate; based on best available information

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Analyst:

Name: Mr.John Francis Tel: (022) 62396023 Email: jfrancis@infomerics.com	Name: Mr.AvikPodder Tel: (033) 46022266 Email: apodder@infomerics.com
---	---

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any



Press Release

information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility(Rs. Crore)	Rating Assigned/ Outlook
Packing Credit	-	-	-	10.00 (Including sub limit of Cash Credit of Rs 5.00 crore)	IVR B-/Stable Outlook and IVR A4; ISSUER NOT COOPERATING*
Proposed Long Term Facilities	-	-	-	1.00	IVR B-/Stable Outlook; ISSUER NOT COOPERATING*
Short Term Facilities – Bill Discounting	-	-	-	7.00	IVR A4; ISSUER NOT COOPERATING*

* Issuer did not cooperate; based on best available information