



## Press Release

### Kumar Cotton Mills Private Limited

October 04, 2024

#### Ratings

Facilities	Amount (INR crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	35.22	IVR BB+/ Negative ISSUER NOT COOPERATING* (IVR double B plus with Negative Outlook Issuer Not Cooperating)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Downgraded and moved to Issuer Not Cooperating category	Simple
Short Term Bank Facilities	2.78 (Includes proposed limit of Rs. 0.78 Crore)	IVR A4+ ISSUER NOT COOPERATING* (IVR A four plus Issuer Not Cooperating)	IVR A3 (IVR A Three)	Downgraded and moved to Issuer Not Cooperating category	Simple
<b>Total</b>	<b>38.00</b> <b>(INR Thirty- Eight Crore Only)</b>				

*\*Issuer did not cooperate; based on best available information*

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics has downgraded the long-term ratings and short-term ratings and moved the ratings assigned to the bank facilities of Kumar Cotton Mills Private Limited (KCMPL) to ISSUER NOT COOPERATING category because of lack of adequate information for rating review from the company and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its ratings and reviews the same as per its policy. The outlook remains negative due to information availability risk.

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 company.



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### **Non-cooperation by Issuer**

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned ratings to the bank facilities vide e-mail communications dated June 3, 2024, June 9, 2024, June 10, 2024, July 1, 2024, July 8, 2024, July 31, 2024, August 2, 2024, August 7, 2024, August 27, 2024, August 28, 2024, August 29, 2024, August 30, 2024, August 31, 2024, September 09, 2024, September 11, 2024 and September 12, 2024 and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted surveillance fees, and all the essential details required for detailed review of the assigned ratings.

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 and short-term rating of the bank loan facilities aggregating to INR 38.00 crore of Kumar Cotton Mills Private Limited (KCMPL) shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the long-term rating will be denoted as IVR BB+/ Negative ISSUER NOT COOPERATING; based on best available information (IVR double B plus with Negative outlook Issuer not cooperating; based on best available information) and the short-term rating will be denoted as IVR A4+ ISSUER NOT COOPERATING; based on best available information (IVR A four plus Issuer Not Cooperating; based on best available information).

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Policy On Issuer Not Cooperating](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **About the company**

Kumar Cotton Mills Private Limited (KCMPL) is an Ahmedabad, Gujarat based private limited company incorporated in 1990 by Mr. Rajendra Prasad Ramkumar Agarwal. KCMPL is engaged in dyeing and processing of cotton yarn to make grey fabric and undertakes jobwork



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for dyeing fabric for textile manufacturing companies. The manufacturing and processing unit located in Gujarat with installed capacity for dyeing 546 million meters and Weaving 70 million meter per annum. The overall operation of the company being managed by Mr. Rajendra Prasad Ramkumar Agarwal and Mr. Kumar Agarwal directors of the company.

### Financials (Standalone)

(INR Crore)

For the year ended* / As On	31.03.2022	31.03.2023
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	199.05	251.49
EBITDA	12.83	13.71
PAT	2.13	2.74
Total Debt	34.17	37.72
Adjusted Tangible Net worth	42.92	48.67
EBITDA Margin (%)	6.45	5.45
PAT Margin (%)	1.43	1.36
Overall Gearing Ratio (x)	1.84	1.89
Interest Coverage (x)	2.70	3.03

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA: NA**

**Any other information: Nil**

### Rating History for last three years:

Sl. No.	Name of Instrument / Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount Outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(August 29, 2023)	-	-
1.	Term Loans	Long Term	3.22	IVR BB+/ Negative ISSUER NOT COOPERATING*	IVR BBB-/ Stable	-	-
2.	WCDL	Long Term	32.00^	IVR BB+/ Negative ISSUER NOT COOPERATING*	IVR BBB-/ Stable	-	-
3.	Bank Guarantee	Short Term	2.00	IVR A4+ ISSUER NOT COOPERATING*	IVR A3	-	-
4.	Proposed Bank Guarantee	Short Term	0.78	IVR A4+ ISSUER NOT COOPERATING*	IVR A3	-	-

\*Issuer did not cooperate; based on best available information

^Cash Credit of Rs.12.00 crore is a sublimit of WCDL



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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**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 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 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.



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### Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan 1	-	-	-	June 2025	0.45	IVR BB+/ Negative ISSUER NOT COOPERATING*
Term Loan 2	-	-	-	November 2023	0.37	IVR BB+/ Negative ISSUER NOT COOPERATING*
Term Loan 3	-	-	-	October 2023	0.63	IVR BB+/ Negative ISSUER NOT COOPERATING*
Term Loan 4	-	-	-	September 2024	1.77	IVR BB+/ Negative ISSUER NOT COOPERATING*
WCDL	-	-	-	-	32.00^	IVR BB+/ Negative ISSUER NOT COOPERATING*
Bank Guarantee	-	-	-	-	2.00	IVR A4+ ISSUER NOT COOPERATING*
Proposed Bank Guarantee	-	-	-	-	0.78	IVR A4+ ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information

^Cash Credit of Rs.12.00 crore is a sublimit of WCDL

**Annexure 2: Facility wise lender details:** Not Applicable

**Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated analysis:** Not Applicable

**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](http://www.infomerics.com).