



## Press Release

### Kandhan Knitss

January 05, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term/ Short Term Bank Facilities	10.00**	IVR C+; Negative; ISSUER NOT COOPERATING* / IVR A4; ISSUER NOT COOPERATING* (IVR C Plus; Negative Outlook; Issuer Not Cooperating / IVR A Four; Issuer Not Cooperating)	Revised and continued under ISSUER NOT COOPERATING category	Simple
Long Term Bank Facilities - Proposed	1.00	IVR C+; Negative; ISSUER NOT COOPERATING* (IVR C Plus; Negative Outlook; Issuer Not Cooperating)	Revised and continued under ISSUER NOT COOPERATING category	Simple
Short Term Bank Facilities	7.00	IVR A4; ISSUER NOT COOPERATING* (IVR A Four; Issuer Not Cooperating*)	Revised and continued under ISSUER NOT COOPERATING category	Simple
<b>Total</b>	<b>18.00 (Rupees Eighteen Crore only)</b>			

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

Details of facilities are provided in Annexure I

#### Detailed Rationale

The revision in the ratings assigned to the bank facilities of Kandhan Knitss (KK) reflects lack of adequate information available, non-payment of annual surveillance fees and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy. The lender, investors and other market participants are thus advised to exercise appropriate caution while using this rating as this rating may not adequately reflect the credit risk profile of the entity.

#### Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide email communications dated November



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27, 2023, November 29, 2023, December 05, 2023, December 28, 2023 and concurrently over several phone calls. However, despite the repeated requests by Infomerics, the company's management has not submitted the requested information for monitoring the rating. Availability of information is very critical in the rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has reviewed the rating based on the best available information. Accordingly, the rating for the bank facilities of KK aggregating Rs.18.00 crore has been continued to classify under the 'ISSUER NOT COOPERATING' category by Infomerics.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Criteria of assigning rating outlook](#)

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

[Guidelines on what constitutes Non-Cooperation by Clients](#)

### **About the Entity**

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, sweatshirts and polos for domestic as well as for other exporter markets. Its manufacturing plant is located at Perumanallur, Tirupur.

**Financials (Standalone):**

For the year ended/ As On	(INR Crore)	
	31-03-2018 (Audited)	31-03-2019 (Provisional)
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
<b>Ratios</b>		
EBITDA Margin (%)	0.74	11.92
PAT Margin (%)	(0.58)	1.40



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Overall Gearing Ratio (x)	0.74	0.79
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\* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Sr. No	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount	Rating	Date(s) & Rating(s) assigned in 2021-22 (30/10/2022)	Date(s) & Rating(s) assigned in 2021-22 (20/08/2021)	Date(s) & Rating(s) assigned in 2020-21 (21/05/2020)
1.	Packing Credit	Long Term / Short Term	10.00**	IVR C+; Negative; ISSUER NOT COOPERATING* / IVR A4; ISSUER NOT COOPERATING* (IVR C Plus; Negative Outlook; Issuer Not Cooperating / IVR A Four; Issuer Not Cooperating)	IVR B-; ISSUER NOT COOPERATING* / IVR A4; ISSUER NOT COOPERATING* (IVR Single B Minus; Issuer Not Cooperating / IVR A Four; Issuer Not Cooperating)	IVR B-; ISSUER NOT COOPERATING* / IVR A4; ISSUER NOT COOPERATING* (IVR Single B Minus; Issuer Not Cooperating / IVR A Four; Issuer Not Cooperating)	IVR B-; ISSUER NOT COOPERATING* / IVR A4; ISSUER NOT COOPERATING* (IVR Single B Minus; Issuer Not Cooperating / IVR A Four; Issuer Not Cooperating)
2.	Proposed Long term facilities	Long Term	1.00	IVR C+; Negative; ISSUER NOT COOPERATING* (IVR C Plus; Negative Outlook; Issuer Not Cooperating)	IVR B-; ISSUER NOT COOPERATING* (IVR Single B Minus; Issuer Not Cooperating)	IVR B-; ISSUER NOT COOPERATING* (IVR Single B Minus; Issuer Not Cooperating)	IVR B-; ISSUER NOT COOPERATING* (IVR Single B Minus; Issuer Not Cooperating)
3.	Short term facilities – Bill Discounting	Short Term	7.00	IVR A4; ISSUER NOT	IVR A4; ISSUER NOT COOPERATING*	IVR A4; ISSUER NOT COOPERATING*	IVR A4; ISSUER NOT COOPERATING*



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Sr. No	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount	Rating	Date(s) & Rating(s) assigned in 2021-22 (30/10/2022)	Date(s) & Rating(s) assigned in 2021-22 (20/08/2021)	Date(s) & Rating(s) assigned in 2020-21 (21/05/2020)
				COOPERATING* (IVR A Four; Issuer Not Cooperating*)	(IVR A Four; Issuer Not Cooperating)	(IVR A Four; Issuer Not Cooperating)	(IVR A Four; Issuer Not Cooperating)

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

\*\* Including sub limit of Cash Credit of Rs 5.00 crore

### Name and Contact Details of the Rating Analyst:

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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 visit [www.infomerics.com](http://www.infomerics.com).



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**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.

### Annexure 1: Details of Facilities: Not Applicable

Name of Facility/ Instrument	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Packing Credit	-	-	-	10.00**	IVR C+; Negative; ISSUER NOT COOPERATING* / IVR A4; ISSUER NOT COOPERATING*
Proposed Long term facilities	-	-	-	1.00	IVR C+; Negative; ISSUER NOT COOPERATING*
Short term facilities – Bill Discounting	-	-	-	7.00	IVR A4; ISSUER NOT COOPERATING*

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

\*\* Including sub limit of Cash Credit of Rs 5.00 crore

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable.

**Annexure 3: Facility wise lender details –** Not Applicable

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** 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).