

Press Release

Knitcraft Apparels International Private Limited

April 24, 2023



Rating Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.00	ACUITE D Reaffirmed Issuer not co-operating*	-
Bank Loan Ratings	35.00	-	ACUITE D Reaffirmed Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	39.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating to '**ACUITE D (read as ACUITE D)**' and reaffirmed the short term rating to '**ACUITE D (read as ACUITE D)**' on the Rs.39.00 crore bank facilities of Knitcraft Apparels International Private Limited (KA IPL). The rating continues to be flagged as "Issue Not-Cooperating" and is based on best available information.

About the Company

KA IPL was incorporated in 2007 to take over the existing business of Knitcraft Apparels International, a partnership firm established in 1985. The company is engaged in the manufacture of readymade garments at its four manufacturing units (three at Gurgaon and one at Delhi). The company also has set-up a fifth plant at Palwal, Haryana. The total installed manufacturing capacity stands at ~4 million pieces per annum. The company has integrated operations with in-house knitting and dyeing facilities. The overall operations are managed by Mr. Krishan Kumar Khurana, Mr. Sanjay Khurana, Mr.Sandeep Khurana, among others. The company generates around 94 percent revenue from the export of its goods to the USA and the United Kingdom and the remaining six percent from the domestic market.

Non-cooperation by the issuer/borrower:

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit ratings are based.

Rating Sensitivity

No information provided by the issuer / available for Acuite to comment upon.

Material Covenants

Not Applicable.

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon.

Outlook

Not Applicable.

Other Factors affecting Rating

Not Applicable.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	61.01	101.82
PAT	Rs. Cr.	(0.09)	0.57
PAT Margin	(%)	(0.14)	0.56
Total Debt/Tangible Net Worth	Times	2.40	2.04
PBDIT/Interest	Times	1.53	1.61

Status of non-cooperation with previous CRA

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to

the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Jan 2022	Bills Discounting	Short Term	35.00	ACUITE D (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	4.00	ACUITE D (Downgraded and Issuer not co-operating*)
22 Oct 2021	Proposed Bank Facility	Long Term	4.00	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Bills Discounting	Short Term	35.00	ACUITE A4+ (Issuer not co-operating*)
23 Jul 2020	Bills Discounting	Short Term	35.00	ACUITE A4+ (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	4.00	ACUITE BB (Downgraded and Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	35.00	ACUITE D Reaffirmed Issuer not co- operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE D Reaffirmed Issuer not co- operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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