

Press Release

Kamal Suitings Private Limited

June 04, 2018



Rating Downgraded

Total Bank Facilities Rated*	Rs.12.50 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE B+/Stable)
Short Term Rating	ACUITE D (Downgraded from ACUITE A4)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D**' (**read as ACUITE D**) from '**ACUITE B+**' (**read as ACUITE B plus**) and the short term rating to '**ACUITE D**' (**read as ACUITE D**) from '**ACUITE A4**' (**read as ACUITE A four**) on the Rs.12.50 crore bank facilities of Kamal Suitings Private Limited.

The rating is driven by continued overdrawals in the cash credit account, and devolvement of letter of credit outstanding for over 30 days as of May 21, 2018. Further, the company has been delaying in servicing of its interest and principal obligation on its term loan facilities.

Kamal Suitings Private Limited (KSPL), incorporated in 1993 is a Rajasthan-based company promoted and managed by Mr. Kapil Maheshwari and Mr. Satya Narayan Tawani. The company is engaged in the manufacturing of blended suiting cloth.

Key Rating Drivers

Weaknesses

- **Delays in debt servicing**

The rating is driven by continuous over drawings in the cash credit facilities for over 30 days during the past three months through April 2018. The company has been delaying in servicing of its interest and principal obligations on its term loans for over 30 days through April 2018. The stretch in the liquidity is attributed to modest scale of operations, low profitability margins, and delays in realisations from its customers.

Strengths

- **Experienced management and long track record of operations**

KSPL, incorporated in 1993, has long track record of operations in the textile industry. The Directors, Mr. Kapil Maheshwari and Mr. Satya Narayan Tawani have around two decades of experience in the textile industry.

Analytical Approach

Acuité has considered the standalone financial and business risk profiles of KSPL.

About the Rated Entity - Key Financials

	Unit	FY16 (Actual)	FY15 (Actual)	FY14 (Actual)
Operating Income	Rs. Cr.	43.55	36.46	34.08
EBITDA	Rs. Cr.	2.07	1.80	1.89
PAT	Rs. Cr.	0.07	0.07	0.05
EBITDA Margin	(%)	4.76	4.95	5.54
PAT Margin	(%)	0.15	0.20	0.16
ROCE	(%)	10.37	11.58	20.52
Total Debt/Tangible Net Worth	Times	1.52	1.29	1.15
PBDIT/Interest	Times	1.33	1.30	1.37
Total Debt/PBDIT	Times	5.58	4.00	3.99
Gross Current Assets (Days)	Days	127	123	138

Status of non-cooperation with previous CRA (if applicable)

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

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>
- Entities In Manufacturing Sector - <https://www.acuite.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
25 th March 2017	Cash Credit	Long Term	8.00	ACUITE B+ / Stable (Assigned)
	Standby Line of Credit	Short Term	0.50	ACUITE A4 (Assigned)
	Term Loan	Long Term	3.50	ACUITE B+ / Stable (Assigned)
	Letter of Credit	Short Term	0.50	ACUITE A4 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE D (Downgraded from ACUITE B+/Stable)
Standby Line of Credit	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE D (Downgraded from ACUITE A4)
Term Loan	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE D (Downgraded from ACUITE B+/Stable)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE D (Downgraded from ACUITE A4)

Contacts

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*Erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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