

Press Release

Classic Knits India Private Limited

April 26, 2023



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	49.00	ACUITE D Downgraded Issuer not co-operating*	-
Bank Loan Ratings	18.00	-	ACUITE D Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	67.00	-	-

Rating Rationale

Acuite has downgraded its long term rating to '**ACUITE D' (read as ACUITE D)**' from '**ACUITE B' (read as ACUITE B)**' and the short term rating to '**ACUITE D' (read as ACUITE D)**' from '**ACUITE A4' (read as ACUITE A four)**' on the Rs.67.00 crore bank facilities of Classic Knits India Private Limited. The rating continues to be flagged as "Issue Not Cooperating" and is on account of information risk . The downgrade is on the account of the suit filed against the company as mentioned in the defaulter list published by CIBIL.

About the Company

CKIPL, incorporated in 2010, is engaged in manufacturing and exporting of fashion undergarments, high fashion t-shirts, polo shirts, sweatshirts, and loungewear for men and women. The company has its manufacturing unit based in Tamilnadu. It was founded by Mr. R. Shanmugam and is currently under the directorship of Mrs. Parvatha Varthini (Founder's wife) and Mr. S. Goutham (Founder's son). The company currently has an installed capacity of 1.62 crore pieces of garments per annum, of which 70-75 p

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 noncooperation 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). Acuite endeavored to gather information about the entity / industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Key Financials

The rated entity has not shared the latest financial statements despite repeated requests

Rating Sensitivity

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

Material Covenants

None

Liquidity Position

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

Outlook: Not Applicable

Other Factors affecting Rating

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

Status of non-cooperation with previous CRA

None

Any other information

None

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, Acuite 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
11 Jan 2023	Proposed Long Term Loan	Long Term	8.40	ACUITE B (Issuer not co-operating*)
	Term Loan	Long Term	6.60	ACUITE B (Issuer not co-operating*)
	Bills Discounting	Short Term	10.00	ACUITE A4 (Issuer not co-operating*)
	Packing Credit	Short Term	8.00	ACUITE A4 (Issuer not co-operating*)
	Cash Credit	Long Term	34.00	ACUITE B (Issuer not co-operating*)
	Bills Discounting	Short Term	10.00	ACUITE A4 (Issuer not co-operating*)
	Cash Credit	Long Term	34.00	ACUITE B (Issuer not co-operating*)

21 Oct 2021	Packing Credit	Short Term	8.00	ACUITE A4 (Issuer not co-operating*)
	Term Loan	Long Term	6.60	ACUITE B (Issuer not co-operating*)
	Proposed Long Term Loan	Long Term	8.40	ACUITE B (Issuer not co-operating*)
20 Jul 2020	Packing Credit	Short Term	8.00	ACUITE A4 (Issuer not co-operating*)
	Proposed Long Term Loan	Long Term	8.40	ACUITE B (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	6.60	ACUITE B (Downgraded and Issuer not co-operating*)
	Bills Discounting	Short Term	10.00	ACUITE A4 (Issuer not co-operating*)
	Cash Credit	Long Term	34.00	ACUITE B (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	10.00	ACUITE D Downgraded Issuer not co-operating*
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	34.00	ACUITE D Downgraded Issuer not co-operating*
IDBI Bank Ltd.	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE D Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	8.40	ACUITE D Downgraded Issuer not co-operating*
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	6.60	ACUITE D Downgraded Issuer not co-operating*

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Radhika Kolwankar Analyst-Rating Operations Tel: 022-49294065 radhika.kolwankar@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.