

February 28, 2022

## Kamadgiri Fashion Limited: Moved to Issuer Not Cooperating category, Rating downgraded based on best available information and Change in outlook to Stable from Negative.

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based – Cash Credit	55.00	55.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB(Negative) and moved to the 'Issuer Not Cooperating' category. Change in outlook to Stable from Negative.
Fund-based – Term Loan	10.00	10.00	[[ICRA]B+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Negative) and moved to the 'Issuer Not Cooperating' category. Change in outlook to Stable from Negative.
Non-fund based – Letter of Credit	4.00	4.00	[ICRA]A4; ISSUER NOT COOPERATING*; Rating moved to the 'Issuer Not Cooperating' category
<b>Total</b>	<b>69.00</b>	<b>69.00</b>	

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

<sup>^</sup>Instrument details are provided in Annexure-1

### Rationale

ICRA has downgraded the ratings for the bank facilities of Kamadgiri Fashion Limited (KFPL) to the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]B+ (Stable)/[ICRA]A4 ISSUER NOT COOPERATING".

As part of its process and in accordance with its rating agreement with Kamadgiri Fashions Limited, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, [Click Here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Policy in respect of non-cooperation by a rated entity</a> <a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Entities in the Textile Industry -Apparels</a> <a href="#">Rating Methodology for Entities in the Textile Industry–Fabric Making</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	The rating is based on standalone financial statements of the rated entity.

## About the company

Incorporated in 1987, KFL (erstwhile Kamadgiri Synthetics Ltd. or KSL) has evolved from a fabric weaver/manufacturer to an integrated textile unit. Consequently, it was renamed as Kamadgiri Fashion Limited w.e.f. October 2010. KFL weaves and manufactures fabrics (in-house) and ready-to-wear garments (contract manufacturing) such as formal shirts, casual shirts and bottom wear for reputed brands. It offers customised uniform tailoring services. Based in Andheri, Mumbai, the company operates weaving and garmenting units in Maharashtra and Gujarat. The shares of KFL were listed on the Bombay Stock Exchange in 1993. The Future Group holds a stake (not as promoter and promoter Group holding) in KFL through its Group companies—namely Future Corporate Resources Private Limited (erstwhile Suhani Trading and Investment Consultants Private Limited; 28.03%) and Surplus Finvest Private Limited (9.69%)—as of December 2019. The company is promoted by Mr. Pradip Kumar Goenka and his family. Mr. Goenka has more than three decades of experience in the textile industry.

In FY2020, the company reported a net loss of Rs. 3.96 crore on an OI of Rs. 293.04 crore, compared to a net profit of Rs. 4.71 crore on an OI of Rs. 319.09 crore in FY2019.

### Key financial indicators:

Standalone	FY2020	FY2021	9M FY2022
Operating Income (Rs. crore)	293.04	139.91	182.50
PAT (Rs. crore)	-3.96	-5.79	-0.59
OPBDIT/OI (%)	3.41%	2.08%	4.91%
PAT/OI (%)	-1.35%	-4.14%	-0.32%
Total Outside Liabilities/Tangible Net Worth (times)	3.03	3.35	-
Total Debt/OPBDIT (times)	6.52	20.05	-
Interest Coverage (times)	1.28	0.36	1.56

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

	Instrument	Current Rating (FY2022)			Chronology of Rating History for the past 3 years					
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in	Date & Rating in FY2021		Date & Rating in FY2020		Date & Rating in FY2019
					February 28, 2022	November 09 2020	April 22, 2020	February 20, 2020	December 27, 2019	January 07, 2019
1	Cash Credit	Long-term	55.00	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB (Negative)	[ICRA]BB+ (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB (Negative)	[ICRA]BBB (Stable)
2	Term Loan	Long-term	10.00	-	[ICRA]B+(Stable); ISSUER NOT COOPERATING	[ICRA]BB (Negative)	[ICRA]BB+ (Negative)	[ICRA]BBB- (Negative)	[ICRA]BBB (Negative)	[ICRA]BBB (Stable)
3	Letter of Credit	Short term	4.00	-	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4	[ICRA]A4+	[ICRA]A3	[ICRA]A3+	[ICRA]A3+
4	Unallocated limit	Long-term/ Short term	-	-	-	-	-	[ICRA]BBB- (Negative)/ [ICRA]A3	[ICRA]BBB- (Negative)/ [ICRA]A3+	[ICRA]BBB (Stable)/ [ICRA]A3+

Amount in Rs. crore

### Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund-based – Cash Credit	Simple
Fund-based – Term Loan	Simple
Non-fund based – Letter of	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Cash credit	NA	NA	NA	55.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
NA	Term Loan	FY2016-FY2018	11.00-11.95%	FY2024	10.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
NA	Letter of Credit	NA	NA	NA	4.00	[ICRA]A4; ISSUER NOT COOPERATING

Source: Company

### Annexure-2: List of entities considered for consolidated analysis – Not Applicable

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