

Madhur Knit Crafts Private Limited

May 08, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	19.95	CARE B-; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B;
Long Term / Short Term Bank Facilities	3.00	CARE B- / CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B / CARE A4;
Short Term Bank Facilities	0.50	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated February 17, 2023, placed the rating(s) of Madhur Knit Crafts Private Limited (MKCPL) under the 'issuer non-cooperating' category as MKCPL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. MKCPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 23, 2024, April 24, 2024 and April 29, 2024. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating.

The ratings have been revised on account of non-availability of requisite information due to non-cooperation by Madhur Knit Crafts Private Limited with CARE Ratings Ltd.'s efforts to undertake a review of the rating outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The ratings of the bank facilities of Madhur Knit Crafts Private Limited are constrained by modest scale of operations, Low profitability margins and weak overall solvency position and fragmented nature of Industry characterized by high competition. The ratings, however, draw strengths from experienced promoters.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on February 17, 2023 the following were the rating strengths and weaknesses (updated for the information available from Ministry of Corporate Affairs).

Key weaknesses

Modest scale of operations: The total operating income (TOI) of MKCPL stood at Rs.89.33 crore in FY23 (refers to the period April 01 to March 31) as compared to Rs.77.40 crore in FY22.

Low profitability margins and weak overall solvency position: The profitability margins marked by PBILDT margin and PAT margin stood low at 6.17% and 0.68% in FY23 respectively (PY: (6.56% and 0.65% respectively)). The overall gearing ratio stood leveraged at 2.21x as on March 31, 2023 (PY: 2.00x). The total debt to GCA stood weak at 14.45x for FY23 (PY: 14.46x). However, interest coverage ratio stood moderate at 1.78x in FY23 (PY: 1.72x).

Fragmented nature of Industry characterized by high competition and volatility in raw material prices: MKCPL operates in highly fragmented industry wherein various organized and unorganized players cater to the same market, this has limited the bargaining power of the company and has exerted pressure on its margins. The company faces direct competition

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

from various regional players based in and outside Ludhiana, which is a hub for textile industry. Furthermore, the company is also exposed to international competition from players in the international market.

Key strengths

Experienced promoters: MKCPL is promoted by five brothers of Gupta family. All the promoters are graduates by qualification and jointly share all the responsibilities of MKCPL. Moreover, Gupta family is engaged in yarn trading business through – Trimurti Hosiery Mills Private Limited and National Yarn Agency since last two and a half decades. Though promoters were into the trading of yarn since long, they started manufacturing of blanket only from March 2013. Long track record of operations in trading of yarn has helped MKCPL in maintaining good relations with customers.

Liquidity: Not applicable

Assumptions/Covenants- Not applicable

Environment, social, and governance (ESG) risks - Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Cotton Textile](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Incorporated in the year 1997 at Ludhiana (Punjab), Madhur Knit Crafts Private Limited (MKCPL) is involved in manufacturing of blankets. MKCPL started its manufacturing operations from March 2, 2013, onwards with an installed capacity of 9 lakh unit per annum. MKCPL's product range includes floral mink blankets, polyester mink blankets, mink blankets, acrylic blankets, printed blankets, woollen blankets and designer blankets. MKCPL sells its product in various states of India through its network of nearly 150 dealers.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	77.40	89.33
PBILDT	5.08	5.51
PAT	0.51	0.60
Overall gearing (times)	2.00	2.21
Interest coverage (times)	1.72	1.78

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	7.00	CARE B-; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	December 2022	12.95	CARE B-; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Letter of credit	-	-	-	-	3.00	CARE B- / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee	-	-	-	-	0.50	CARE A4; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	12.95	CARE B-; ISSUER NOT COOPERATING*	-	-	1)CARE B; ISSUER NOT COOPERATING* (17-Feb-23)	1)CARE B; ISSUER NOT COOPERATING* (03-Dec-21)
2	Fund-based - LT-Cash Credit	LT	7.00	CARE B-; ISSUER NOT COOPERATING*	-	-	1)CARE B; ISSUER NOT COOPERATING* (17-Feb-23)	1)CARE B; ISSUER NOT COOPERATING* (03-Dec-21)
3	Non-fund-based - ST-Bank Guarantee	ST	0.50	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (17-Feb-23)	1)CARE A4; ISSUER NOT COOPERATING* (03-Dec-21)
4	Non-fund-based - LT/ST-Letter of credit	LT/ST	3.00	CARE B- / CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE B / CARE A4; ISSUER NOT COOPERATING* (17-Feb-23)	1)CARE B / CARE A4; ISSUER NOT COOPERATING* (03-Dec-21)

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities -Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Letter of credit	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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