

K D F P Private Limited

March 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	44.00	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	3.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE B+; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	5.00	CARE A4; ISSUER NOT COOPERATING*	Rating moved to 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. (CARE Ratings) has been seeking information from K D F P Private Limited to monitor the rating(s) vide e-mail communications dated February 11, 2025, February 17, 2025, and February 20, 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings 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. The rating on K D F P Private Limited (KDFPPL) bank facilities will now be denoted as CARE B; Stable/ CARE A4; ISSUER NOT COOPERATING*.

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

The ratings are constrained on account of nascent stage of operations, leverage capital structure and stabilization risk associated with debt funded newly setup facility. Further, the rating is also constrained by exposure to raw material price volatility and highly fragmented and competitive nature of the industry. The ratings draw comfort from Experienced promoters and favourable location of plant.

Analytical approach: Standalone

Outlook: Stable

The "Stable" outlook reflects that the company will get benefit from the experienced management.

Detailed description of key rating drivers: At the time of last rating on March 27, 2024, the following were the ratings weaknesses and strengths. [Updated for audited financials for FY24 (refers to the period April 01st to March 31st) received from Ministry of Corporate Affairs (MCA)]

Key weaknesses

Nascent stage of business operations

KDFPPL started its commercial production during February 29, 2024, and has a relatively short track record of operations as compared with other established players. The company has achieved total operating income of Rs. 16.22 crores in FY24. Further, post project implementation risk in the form of stabilization of the manufacturing facilities to achieve the envisaged scale of business and saleability risk associated with the products in the light of competitive nature of industry remains crucial for KDFPPL.

Leveraged capital structure

The capital structure of the company stood leveraged as marked by expected overall gearing of 15.94x as on March 31, 2024, on account of the debt funded capex done. Further, the overall gearing is expected to improve over the medium term on account of regular repayment.

Stabilization risk associated with debt funded newly setup facility

KDFPPL has undertaken capex plan with total project cost of Rs. 60 crores crore for setting up a knitting and dyeing plant with an installed capacity to process 3600 tonnes/annum. The project was funded through term loan of Rs.40.00 crore and balance through promoter's contribution of Rs.20.00 crore (share capital of Rs.2.00 crore and unsecured loans of Rs.18.00crore). The

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

company has incurred ~Rs.60.00 crore which is 100% of the total project cost. The company has started its commercial operations from February 29, 2024. However, post project implementation risk in the form of stabilization and streamlining of operations to achieve the envisaged scale of business and risk associated with the products offered in the light of competitive nature of industry is yet to be seen.

Highly competitive and fragmented nature of industry

The company operates in the textile manufacturing and processing industry which is highly competitive with presence of numerous independent small-scale enterprises owing to low entry barriers leading to high level of competition in the processing segment. Furthermore, the Indian textile industry also faces competition from the low-cost countries like China and Bangladesh. The intense competition in the textile processing industry also restricts ability of the company to completely pass on volatility in input cost to its customers, leading to lower profit margins.

Exposure to raw material price volatility

The entities in textile industry are susceptible to fluctuations in raw material prices. The cotton yarn (one of the main raw material) being an agricultural product, its demand supply situation depends on various natural conditions like monsoons, drought and floods. Therefore, the company is exposed to any fluctuation in the prices of its raw material.

Key strengths

Experienced Promoters

The operations of the company are currently being managed by Mr. Naveen Gupta and Mrs. Sushma Gupta. Mr. Naveen Gupta having experience of 35 years through his association with the KD Fabrics, KD Fabrics and apparels and other associate entities. The promoters have an adequate acumen about various aspects of business and is assisted by a team of professionals who are highly experienced in their respective domains which is likely to benefit KDFPPL in the long run.

Favourable location of plant

KDFPPL's manufacturing facility is located in Ludhiana, Punjab which is one of the largest textile hubs in India for yarn, fabrics, and readymade garments and is a readily available market for these products. The company benefits from the location advantage in terms of easy accessibility to large customer base located in Ludhiana, Punjab. Additionally, various raw materials required in manufacturing of products are readily available owing to established supplier base in the same location. Furthermore, skilled labour is also available by virtue of it being situated in the textile cluster.

Liquidity: Stretched

The liquidity position of the company remained stretched characterized by expected low current ratio and quick ratio of 1.18 times and 0.92 times as on March 31, 2024. However, the company is expected to generate envisage GCA of Rs.6.93 crore for FY25 against repayment obligations of Rs.2.50 crore in same year.

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](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Garments & Apparels

KDFP Private Limited (KDFPPL) was incorporated in 2021 to set up a plant for knitting and dyeing of cloth. The company started initial work to establish in two phases where Phase 1 was completed in October 2023 and second phase is completed in February 2024. In this unit the knitted cloth and dyeing is done with total production capacity of 3600000 kgs/annum. KDFPPL has two group companies KD Fabrics and KD fabrics and apparels. There are two directors Naveen Gupta and Sushma Gupta who have

around three decades of experience in same line of business with their association with KD Fabrics and KD fabrics and apparels which are engaged in manufacturing of knitted clothe and knitted garment.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	0.00	16.22	-
PBILDT	0.00	3.95	-
PAT	0.00	2.18	-
Overall gearing (times)	10.25	15.94	-
Interest coverage (times)	0.00	10.29	-

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISI N	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	4.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	2031	40.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST	-	-	-	-	3.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee	-	-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for 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-Cash Credit	LT	4.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (27-Mar-24)	-	-
2	Fund-based - LT-Term Loan	LT	40.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (27-Mar-24)	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	5.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (27-Mar-24)	-	-
4	Fund-based/Non-fund-based-LT/ST	LT/ST	3.00	CARE B; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable / CARE A4 (27-Mar-24)	-	-

*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 rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of 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	Fund-based/Non-fund-based-LT/ST	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 complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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