

Rating Rationale

NKCM Spinners Pvt Ltd

12th October 2017

Brickwork Ratings has reviewed the Rating for the bank loan facilities of Rs.37.72 Cr of NKCM Spinners Pvt Ltd based on best available information, as the issuer did not cooperate. Accordingly the rating for the said instrument is downgraded to BWR BB- and reaffirmed to A4.

Particulars

Facility Rated	Amount (₹ Cr)		Tenure	Rating [^]	
	Previous Limits	Present Limits		Previous Dec, 2013	Present
Fund Based	32.72	32.72*	Long Term	BWR BB (BWR Double B) Outlook: Stable	Issuer did not Co-operate BWR BB- (BWR Double B Minus) Outlook: Stable Downgraded
Non-Fund Based	5.00	5.00*	Short Term	BWR A4 (BWR A Four)	Issuer did not Co-operate BWR A4 (BWR A Four) Reaffirmed
Total	37.72	37.72	(INR Thirty Seven Crores and Seventy Two Lakhs only)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Issuer did not Co-operate; Based on best available information

Ratings: Long Term rating Downgraded and Short Term rating reaffirmed.

Nature of Non-co-operation:

The rating was due for a review. BWR took up with the issuer to provide required information over emails and tele calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the firm has not provided the same.

In the absence of adequate information from the firm, BWR is unable to assess the firm's financial performance and its ability to service its debt and maintain a valid rating.

Limitations of the rating:

Information availability risk is a key factor in the assessment of credit risk and noncooperation by the firm to provide required information for a review of the assigned rating may also be accompanied by financial stress.

About the Company (Information as available in Dec 2013)

Incorporated in 2008, NKCM Spinners Private Limited (NKCMSPL), Komarapalayam, is engaged in manufacturing of Cotton, VSF & Mixed Yarn. NKCMSPL was initially started by acquiring KAS Spinning Mills with initial capacity of 6036 spindles. As of October 31, 2013, the total capacity of NKCMSPL including leased and owned facilities stood at 62,484 spindles.

The major promoters of the company are Mr. Ratanlal Nakhat, Mr. Narendrakumar Nakhat, Mr. Kailashchand Mittal, Mr. Akhilesh Mittal, Mrs. Renudevi Nakhat and Mr. Rishab Kumar Nakhat . The promoters are professionally qualified with a long standing track record in the cotton yarn industry.

The company has added reputed clients like Tamil Nadu Handloom Weavers Cooperative Society and National Handloom Development Corporation Limited to its portfolio.

Rating History for the last three years (including withdrawn/suspended ratings)

Instrument/ Facility	Current Rating (Year 2017)			Rating History		
	Type (Long Term/Short Term)	Amount(in. Rs Crs)	Rating#	12 th June 2015	6 th Dec 2013	
Fund Based	Long Term	32.72	BWR BB- BWR Double B Minus (Outlook: Stable) Downgraded	Ratings moved to RNR Category	BWR BB BWR Double B (Outlook : Stable)	N A
Non Fund Based	Short Term	5.00	BWR A4 Reaffirmed		BWR A4	
Total	37.72(INR Thirty Seven Crores and Seventy Two Lakhs only)					

#Issuer did not Co-operate ; Based on best available information

Hyperlink/Reference to applicable Criteria / Policies

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What Constitutes Non-cooperation](#)

For any other criteria to be hyperlinks from website to be taken

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

NKCM Spinners Pvt Ltd
Bank Facilities
Annexure I

Facilities	Tenure	Facility Type	Amount Rated (Rs. Crs)^
Cash Credit	Long Term	Fund Based	20.00
Term Loan	Long Term	Fund Based	12.72
Letter of Credit	Short Term	Non- Fund Based	3.00
Bank Guarantee	Short Term	Non- Fund Based	2.00
Total			37.72

^As per information available with BWR

Annexure II

(Rs. In Crores)

Particulars	FY10^{\$}	FY11^{\$}	FY12^{\$}
Net Sales/Revenues	76.58	81.84	87.63
EBIDTA	2.35	4.20	5.22
PAT	0.70	0.54	1.22
Tangible Networth	5.55	6.07	13.22
Total Debt : TNW	4.09	4.19	1.67
Current Ratio	1.36	1.21	1.42

\$As per information available with BWR