



SMERA RATINGS LIMITED

# Knitcraft Apparels International Private Limited (KA IPL)

*Rating  
Rationale*

**March 04, 2015**

Facilities	Amount (Rs. Crore)	Rating
FDBP/FUDBP	35.00*	<b>SMERA A3</b> <b>(Upgraded from SMERA A4+)</b>

*\*Enhanced from Rs.22.68 crore; includes Packing Credit as a sublimit to the extent of Rs.25.00 crore, FDB/E (O/NPBL) as a sublimit to the extent of Rs.15.00 crore and FDB/E (Discount document) as a sublimit to the extent of Rs.7.00 crore*

SMERA has upgraded the rating on the abovementioned bank facility of Knitcraft Apparels International Private Limited (KA IPL) to '**SMERA A3**' (read as **SMERA A three**) from '**SMERA A4+**'.

The upgrade reflects healthy growth in the company's operating income. The upgrade also factors in improvement in the company's financial risk profile. The rating continues to draw comfort from the company's established track record of operations and experienced management. The rating also draws comfort from the company's established relations with customers. However, the rating remains constrained by the susceptibility of the company's profit margins to raw material price volatility and intense competitive pressure.

## Update

KA IPL's operating income has increased by ~42 per cent from Rs.107.84 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company's working capital cycle reduced from 53 days in FY2012-13 to 37 days in FY2013-14. KA IPL's return on capital employed (RoCE) has improved to 15.02 per cent in FY2013-14 from 13.25 per cent in FY2012-13. The company's debt-equity stood at 1.06 times as on March 31, 2014. KA IPL's interest coverage increased from 2.38 times in FY2012-13 to 2.75 times in FY2013-14. The company's tangible net worth stood at Rs.34.53 crore as on March 31, 2014, as compared with Rs.33.03 crore a year earlier.

KA IPL's installed capacity has increased to 4.5 million pieces per annum in FY2013-14 from 4.0 million pieces per annum in the previous year. The company registered net sales of Rs.132.80 crore (provisional) during April 2014 to December 2014.

## About the company

KA IPL was incorporated in 2007 to takeover the running business of Knitcraft Apparels International, a partnership firm established in 1985. KA IPL is engaged in manufacturing of readymade garments. The company has four manufacturing units, including three units in Gurgaon (Haryana) and one unit in Delhi. KA IPL is setting up a new manufacturing unit in Palwal (Haryana). The company has integrated operations with in-house knitting and dyeing facilities. The overall operations of the company are managed by Mr. Krishan Kumar Khurana, Mr. Sanjay Khurana, Mr. Sandeep Khurana, Ms. Sarita Khurana, Ms. Indu Khurana and Mr. Sanchit Khurana.

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*Rating  
Rationale***Contact List:**

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