

March 03, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	11.00*	SMERA BB-/Stable (Assigned)
Term Loan	2.82	SMERA BB-/Stable (Assigned)
Standby Line of Credit	1.65	SMERA A4+ (Assigned)

* Includes sub-limit of Letter of Credit of Rs. 3.00 crore and Bank Guarantee of Rs. 3.00 crore

SMERA has assigned ratings of '**SMERA BB-**' (**read as SMERA double B minus**) and '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.15.47 crore bank facilities of Induro Lifestyle Resources Private Limited (ILRPL). The outlook is '**Stable**'. The ratings draw comfort from the company's experienced management and reputed client base. The ratings also factor in the comfortable working capital cycle. However, the ratings are constrained by the average financial risk profile marked by low networth base and weak debt protection metrics. Further, the rating is also constrained by the low profitability of the company.

Rating Sensitivity Factors

- Ability to scale up the operations with sustainable profit margins
- Debt-funded capex plan
- Effective working capital management

Outlook: Stable

SMERA believes that ILRPL will maintain a stable business risk profile over the medium term on account of its experienced management and reputed client base. The outlook may be revised to 'Positive' in case the company registers substantial increase in its scale of operations while maintaining healthy profit margins. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue or deterioration in the financial risk profile on account of stretched working capital cycle or large debt-funded capital expenditure.

About the Company

ILRPL, incorporated in 2008, is a Bengaluru-based company promoted by Mr. Kishan Kumar and Mrs. Panna Kishen Jain. The company is engaged in the manufacture of denim and non-denim bottoms for men, women and kids at its two manufacturing units of 40,000 sq. ft. and 4,000 sq. ft. at Bengaluru.

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In FY2014-15, ILRPL reported profit after tax (PAT) of Rs.0.69 crore on operating income of Rs.61.49 crore, as compared to PAT of Rs.0.89 crore on operating income of Rs.55.15 crore in the previous year. The company's net worth stood at Rs.5.37 crore as on March 31, 2015 as compared to Rs.4.63 crore a year earlier.

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