



Press Release
GREETINGS KNIT WEARS
October 31, 2025

Rating Assigned, Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5.78	ACUITE BB Stable Assigned	-
Bank Loan Ratings	1.47	ACUITE BB Stable Upgraded	-
Bank Loan Ratings	11.72	-	ACUITE A4+ Assigned
Bank Loan Ratings	27.03	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	46.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to '**ACUITE BB**' (read as **ACUITE Double B**) from '**ACUITE BB-**' (read as **ACUITE Double B minus**) and reaffirmed the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.28.50 Cr. bank facilities of Greetings Knit Wears (GKW). The outlook is '**Stable**'.

Further, Acuite has assigned the long-term rating of '**ACUITE BB**' (read as **ACUITE Double B**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.17.50 Cr. bank facilities of Greetings Knit Wears (GKW). The outlook is '**Stable**'.

Rationale for Upgrade

The rating upgrade takes into account the firm's improving operational performance supported by increase in revenue by 70% during FY25. Currently, the firm has orders in hand worth Rs. 69.88 crore which reflects revenue visibility over the near to medium term. The firm has a capex plan of setting up a new plant and machinery to support expansion which is funded through external debt and is expected to be operational by March 2026; this will further augment the scale of operations. The financial risk profile is average marked by low but increasing net worth, decrease in gearing and moderate debt protection metrics. The firm's liquidity remains adequate backed by sufficient accruals against debt repayment, comfortable current ratio albeit high bank limit utilization. However, these strengths are offset by intensive working capital cycle and the susceptibility of profitability margins due to volatility in foreign exchange rates.

About the Company

Formed in the year 1983, as a partnership firm in the name of Greetings Hosiery Mills (GHM) by Mr. V Rajendran along with his brother Mr. V. Gnana Sivamoorthy. It was initially manufacturing vests and briefs for the local markets. In the year 1987, the firm commenced manufacture of hosiery garments on job work basis to other exporters. In the year 1992, the firm's name was changed to Greetings Knit Wears, which commenced direct export of hosiery

garments. The infrastructure of GKT has four factories involved in manufacturing activities like knitting, dyeing, garments, printing located at Tirupur Tamil Nadu. Currently, the production

capacity of GKT is 60 lakhs pieces per annum, majorly women's, men's and children's wear.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of GKW to arrive at this rating.

Key Rating Drivers

Strengths

Extensive experience of the management in the readymade garments industry

GKW was established as a partnership firm in 1992 by Mr. V. Rajendran along with his brother Mr. V. Gnana Sivamoorthy, who possess more than 3 decades of experience in the readymade garments industry. The firm currently exports around 90 percent of its products to four countries, viz. United Kingdom, Sweden, Ireland, France. The extensive experience of the promoters in the aforementioned industry has helped the firm to established long-term relationships with its customers and suppliers. Acuité believes that GKW will continue to benefit from the promoters' established presence in the readymade garments industry and its improving business risk profile over the medium-term.

Average financial risk profile

The average financial risk profile is marked by improving net worth, decrease in gearing along with moderate debt protection metrics. The tangible net worth stood at Rs.23.59 Cr. in FY25 (Prov.) as against Rs.17.43 Cr. in FY24. The gearing stood at 1.65 times in FY25 (Prov.) as against 2.29 times in FY24. It is expected to weaken slightly due to debt funded capex plan. The interest coverage ratio stood at 3.18 times in FY25 (Prov.) as against 2.52 times in FY24. The debt service coverage ratio stood at 1.78 times in FY25 (Prov.) & same in FY24. TOL/TNW stood at 2.62 times in FY25(Prov.) as compared to 4.49 times in FY24. Acuite believes the financial risk profile is expected to remain at similar levels with some expected moderation in capital structure and debt protection metrices over the medium term.

Improving Scale of Operations

GKW has reported an operating income of Rs.189.26 Cr. in FY25 (Prov.) as against Rs.112.26 Cr. in FY24. The top line has experienced increase driven by the increased execution of orderbook. The firm has Rs.69.88 Cr. order in hand as on September2025. The EBITDA margin stood at 6.25 percent in FY25 (Prov.) as compared to 8.19 percent in FY24. The decrease in margin is a result of increase in price of yarn and other production costs, and the management was not able to pass the same on its customers. The PAT margin stood at 3.97 percent in FY25 (Prov.) as against 4.50 percent in FY24. The ROCE levels stood at 19.14 % in FY2025 (Prov.) as against 18.30 % in FY2024. Acuite believes the scale of operation will improve backed by continuous order being received and its timely execution over the medium term.

Weaknesses

Working capital intensive operations

The operations of the firm are intensive marked by GCA (Gross Current Asset) days at 147 days in FY25 (Prov.) as against 283 days in FY24. The inventory days stood at 37 days in FY25 (Prov.) as compared to 102 days in FY24. The debtor days stood at 56 days in FY25 (Prov.) as against 86 days in FY24 the other current assets include Rs.29.79 Cr. The creditor days stood at 82 days in FY25 (Prov.) as against 282 days in FY24, FY24 reflecting a one-time year end phenomenon. Acuité believes that the working capital cycle will continue to remain in similar range over the medium term.

Susceptibility of profit margins to the volatility in the foreign exchange

GKW continues to earn significant portion of revenue from exports, hence, its margins remain exposed to volatility in foreign exchange rate. However, the risk is partially mitigating due to hedging policies adopted by the firm through booking forward contract at the time of the confirmation of the orders thereby mitigating the risk to a large extent. Nevertheless, the foreign exchange fluctuation risk continues to persist due to timing differences.

Rating Sensitivities

- Improvement in the revenue.
- Improvement in the working capital management leading to improvement in the overall liquidity position.
- Any time or cost overrun in Debt funded capex plan

Liquidity Position Adequate

The firm has adequate liquidity marked by net cash accruals of Rs.8.61 Cr. in FY2025 as against Rs.3.10 Cr. long term debt obligations over the same period. The working capital cycle of the firm is marked by GCA (Gross Current Asset) of 147 days in FY25 (Prov.) as against 283 days in FY24. The cash and bank balance stood at Rs. 0.36 Cr. in FY2025 (Prov.) as compared to Rs. 1.25 Cr. in FY2024. The capex is also largely funded by term loans (not being rated). The current ratio stood comfortable at 2.96 times in FY25(Prov.) as compared to 2.11 times in FY24. The firm has financial flexibility to bring in funds in the form of unsecured loans. Fund based limits remain moderately utilized at 93.52 percent for the month ended August, 2025. Acuité believes that the liquidity will continue to remain adequate over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	189.26	112.26
PAT	Rs. Cr.	7.51	5.05
PAT Margin	(%)	3.97	4.50
Total Debt/Tangible Net Worth	Times	1.65	2.29
PBDIT/Interest	Times	3.18	2.52

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
02 Aug 2024	PC/PCFC	Short Term	26.15	ACUITE A4+ (Reaffirmed)
	Working Capital Term Loan	Long Term	1.72	ACUITE BB- Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.63	ACUITE BB- Stable (Reaffirmed)
05 May 2023	PC/PCFC	Short Term	20.28	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	4.75	ACUITE A4+ (Reaffirmed)
	Working Capital Term Loan	Long Term	3.47	ACUITE BB- Stable (Reaffirmed)
04 Feb 2022	PC/PCFC	Short Term	19.50	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	4.75	ACUITE A4+ (Reaffirmed)
	Working Capital Term Loan	Long Term	3.47	ACUITE BB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.78	ACUITE BB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	27.03	Simple	ACUITE A4+ Reaffirmed
Canara Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.72	Simple	ACUITE A4+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.45	Simple	ACUITE BB Stable Assigned
KOTAK MAHINDRA BANK LIMITED	Not avl. / Not appl.	Term Loan	03 Jan 2019	Not avl. / Not appl.	02 Oct 2029	2.33	Simple	ACUITE BB Stable Assigned
Canara Bank	Not avl. / Not appl.	Working Capital Term Loan	10 Sep 2020	Not avl. / Not appl.	10 Sep 2024	0.63	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)
Canara Bank	Not avl. / Not appl.	Working Capital Term Loan	31 Dec 2021	Not avl. / Not appl.	31 Dec 2026	0.84	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)

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About Acuité Ratings & Research

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