

NOVEMBER 28, 2014

**CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF  
K.P.R MILL LIMITED**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	891.34 (reduced from 905.34)	<b>CARE AA- (Double A Minus)</b>	Revised from CARE A+ (Single A Plus)
Short term Bank Facilities	257.50 (reduced from 257.82)	<b>CARE A1+ (A One Plus)</b>	Reaffirmed
<b>Total Facilities</b>	<b>1148.84</b>		

**Rating Rationale**

The revision in the long-term rating assigned to the bank facilities of K.P.R. Mill Limited (KPR) factors in the consistent growth in income and profits of the company in the last three years ended FY14 and H1FY15 partly driven by increased capacity and favourable industry scenario. The ratings continue to draw strength from the long track record of the promoters and established position of KPR as one of the largest and integrated players in Tirupur region. The ratings, however, continue to be constrained by KPR's exposure to the small players in Tirupur textile cluster for its yarn business, volatile raw material prices, cyclical nature of the textile industry and subdued performance of its sugar subsidiary, notwithstanding the improvement seen in FY14.

Going forward, performance of its subsidiaries, level of diversification in the textile business, increase in presence in domestic as well as export markets and sustaining the profitability in light of volatile cotton and yarn prices would be key rating sensitivities.

**Background**

K.P.R. Mill Limited (KPR) is an integrated textile player producing cotton yarn, cotton knitted fabrics and knitted apparels in the Coimbatore-Tirupur region, promoted by three brothers Mr K.P.Ramasamy, Mr K.P.D.Sigamani and Mr P.Nataraj. KPR is one of the leading players supplying yarn to Tirupur market. KPR produces knitted garments which are directly exported to buyers in Europe. The company has an installed capacity of 3,53,088 spindles, 203 knitting machines to produce approximately 21,000 MT of fabric per annum, garmenting facility to produce 47 mn pieces of readymade garments per annum, processing facility to process 23 MT per day and 66 wind mills with total power generation capacity of 61.92 MW as of March 31, 2014.

During FY14 (refers to the period April 1 to March 31), the company registered PAT of Rs.131 crore on a total operating income of Rs.1,989 crore as against PAT of Rs.101 crore on a total operating income of Rs.1,499 crore during FY13. During H1FY15, the company registered PAT of Rs. 62 crore on total operating income of Rs. 1,039 crore.

**Analyst Contact**

Name: Mr P. Sudhakar

Tel: 044-2489 7812

Email: p.sudhakar@careratings.com

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

## CONTACT

### Head Office Mumbai

**Mr. D.R. Dogra**

Managing Director  
 Mobile: +91-98204 16002  
 E-mail: dr.dogra@careratings.com

**Ms. Meenal Sikchi**

Vice President - Bank Loan & Instrument Rating  
 Mobile: +91-9819009839  
 E-mail: meenal.sikchi@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director  
 Mobile: +91-98204 16001  
 E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Vice President - Bank Loan & Financial Services  
 Mobile: +91-9819698985  
 E-mail: ankur.sachdeva@careratings.com

**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022  
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

*Other Office:*

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069  
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

**AHMEDABAD**
**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,  
 Satellite, Ahmedabad - 380 015  
 Cell: +91-98242 56265  
 Tel: +91-79-4026 5656  
 E-mail: mehul.pandya@careratings.com

**BENGALURU**
**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
 No. 30, M.G. Road, Bangalore - 560 001.  
 Cell: +91-99000 41975  
 Tel: +91-80-4115 0445, 4165 4529  
 E-mail: dinesh.sharma@careratings.com

**CHANDIGARH**
**Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,  
 Chandigarh - 160 022.  
 Cell: +91 99888 05650  
 Tel: +91-172-5171 100 / 09  
 Email: sajan.goyal@careratings.com

**CHENNAI**
**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,  
 No. 769, Anna Salai, Chennai - 600 002.  
 Cell: +91 98407 54521  
 Tel: +91-44-2849 7812 / 0811  
 Email: pradeep.kumar@careratings.com

**HYDERABAD**
**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
 Hyderabad - 500 029.  
 Tel: +91-40-4010 2030  
 E-mail: saikat.roy@careratings.com

**JAIPUR**
**Mr. Harsh Raj Sankhla**

304, Pashupati Akshat Heights, Plot No. D-91,  
 Madho Singh Road, Near Collectorate Circle,  
 Bani Park, Jaipur - 302 016.  
 Cell: +91 – 94139 69100  
 Tel: +91-141-402 0213 / 14  
 E-mail: harshraj.sankhla@careratings.com

**KOLKATA**
**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
 10A, Shakespeare Sarani, Kolkata - 700 071.  
 Cell: +91-98319 67110  
 Tel: +91-33- 4018 1600  
 E-mail: priti.agarwal@careratings.com

**NEW DELHI**
**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,  
 Jhandewalan Extension, New Delhi - 110 055.  
 Cell: +91-98117 45677  
 Tel: +91-11-4533 3200  
 E-mail: swati.agrawal@careratings.com

**PUNE**
**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,  
 Plot No. 970, Bhamburda, Senapati Bapat Road,  
 Shivaji Nagar, Pune - 411 015.  
 Cell: +91-78754 33355  
 Tel: +91-20- 4000 9000  
 E-mail: rahul.patni@careratings.com

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