

April 18, 2013

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

Ratings

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	753.61 (reduced from 794.64)	CARE A+ (Single A Plus)	Reaffirmed
Short-term Bank Facilities	132.82	CARE A1+ (A One Plus)	Reaffirmed
Total Facilities	886.43		

Rating Rationale

The ratings continue to draw strength from the long track record of the promoters and the established position of K.P.R.Mill Limited (KPR) as one of the largest and integrated players in the Tirupur region commanding a premium on its yarn, and continued improvement in operational and financial performance during nine month period ended December 2012.

The ratings however, continue to be constrained by KPR's significant exposure to the small players in the Tirupur textile cluster for its yarn business, volatile raw material prices and cyclical nature of the textile industry. The ratings are also constrained by the company's entry into the sugar business through a wholly-owned subsidiary.

Going forward, the ability of the company to derive envisaged benefits from the significant capacity addition undertaken in the recent past and any increase in exposure to group companies 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 Tiruppur 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 (1750 machines) to produce 63 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 December 31, 2012.

During FY12, the company reported PAT of Rs.31 crore on a total operating income of Rs.1,198 crore. During 9MFY13, the company reported PAT of Rs.77 crore on total operating income of Rs. 1,054 crore.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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