

SEPTEMBER 12, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF KHADIM INDIA LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	147.49 (reduced from 153.93)	CARE BBB+ (Triple B Plus)	Reaffirmed
Short term Bank Facilities	16 (reduced from 21)	CARE A2 (A Two)	Reaffirmed
Total Bank Facilities	163.49 (Rupees one hundred sixty three crore and forty nine lakh only)		

Rating Rationale

The ratings continue to derive comfort from the long experience of promoters and established position in the domestic footwear industry with satisfactory brand image, diversified product portfolio, wide distribution network and rationalization of production cost through increased reliance on outsourcing. The ratings also factor in the improvement in financial performance in FY16 (refers to the period from April 1 to March 31) & Q1FY17, but the liquidity position continued to remain at moderate level. The ratings continue to remain constrained by working capital intensive nature of the business and competitive nature of the footwear industry due to high level of fragmentation. The ability of the company to sustain its profitability margins and effective management of working capital will remain the key rating sensitivities.

Background

Khadim India Limited (KIL), incorporated in 1981, is engaged in wholesaling & retailing of footwear & related accessories through 792 stores (as on Jun'16). KIL's manufacturing facility is located in Kolkata, having an annual capacity of 58.6 lakh pairs of footwear. However, more than 75% of its footwear requirement was met through outsourcing model in FY16.

In FY16, KIL reported a profit of Rs.25.24 crore (loss of Rs.18.66 crore in FY15) on a total operating income of Rs.537.96 crore (Rs.462.56 crore in FY15). In Q1FY17, KIL reported a PAT of Rs.8.2 crore on total operating income of Rs.158.92 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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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.

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

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