K K Silk Mills Private Limited

Instrument	Amount (Rs. Crore)	Rating Action
Term loans	10.02	[ICRA]BB+ (Stable) / Re-affirmed
Long-term, fund-based working capital limits	25.75	[ICRA]BB+ (Stable) / Re-affirmed
Short-term, non-fund based working capital limits	1.05	[ICRA]A4+ / Re-affirmed
Total	**36.82**	

ICRA has reaffirmed the long-term rating assigned to the Rs. 35.77 crore (enhanced from Rs. 31.31 crore) Long Term Fund Based Limits of K K Silk Mills Private Limited (KKSM) to [ICRA]BB+ (pronounced ICRA double B Plus). The outlook on the long term rating is 'Stable'. ICRA has also reaffirmed the short-term rating assigned to the Rs. 1.05 crore (reduced from Rs. 3.80 crore) short term non fund based limits of KKSM to [ICRA]A4+ (pronounced ICRA A four plus).

The ratings reaffirmation continues to remain constrained due to KKSM's modest operating margins on account of low value added nature of trading activities and intense competition in the textile industry. The ratings are further constrained by the stretched financial profile of the company indicated by weak debt protection metrics and working capital intensive nature of operations. The ratings also take into consideration the vulnerability of company's profitability to fluctuations in the raw material prices and cyclicality inherent in the textile industry; although the same is partly mitigated by the procurement of raw materials against firm orders.

The ratings reaffirmation, however, favourably factors in the vast experience of the promoters in the textile industry with long and established relationship with the customers over the years.

Going forward, the operating income of the company is expected to witness moderate growth on account of expected increased in sales volume. The profitability margins would remain exposed to raw material price fluctuations and high competitive pressures. KKSM's ability to improve profit margins and manage working cycle effectively would remain important from a credit perspective.

Firm Profile

Incorporated in 1992, K.K. Silk Mills Private Limited (KKSM) (erstwhile Manish Weaving Industries Private Limited) was promoted by Mr. Kantilal Shah to manufacture and trade in fabrics for suitings and shirtings. The company was rechristened as K.K. Silk Mills Private Limited in 2003 without any change in management and nature of business undertaken. The company's operations are divided into four different verticals viz. trading of finished fabrics, manufacturing of cotton and blended fabrics, job work for upholstery/furnishing fabrics and garment manufacturing. The company has its registered office in Mumbai and manufacturing facilities in Umbergaon district in Valsad. The company owns 176 looms with combined installed capacity of ~ 96 lakh meters per annum. The garment manufacturing division is also located in Umbergaon, which has a capacity of producing 18000 shirt pieces per month.

July 2016

For further details, please contact:
Analyst Contacts:
Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Relationship Contacts:
Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office
Mr. Vivek Mathur
Mobile: +**91 9871221122**
Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

<table>
<tr><td>Mumbai
Mr. L. Shivakumar
Mobile: +91 9821086490
Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390</td><td>Kolkata
Mr. Jayanta Roy
Mobile: +91 9903394664
Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728</td></tr>
<tr><td>Chennai
Mr. Jayanta Chatterjee
Mobile: +91 9845022459
Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663</td><td>Bangalore
Bangalore
Mr. Jayanta Chatterjee
Mobile: +91 9845022459
Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004,10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409</td></tr>
<tr><td>Ahmedabad
Mr. L. Shivakumar
Mobile: +91 9821086490
Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231</td><td>Pune
Mr. L. Shivakumar
Mobile: +91 9821086490
Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar,Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231</td></tr>
<tr><td>Hyderabad
Mr. Jayanta Chatterjee
Mobile: +91 9845022459
Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500</td><td></td></tr>
</table>