



## Kandukuri Industries Private Limited

Instrument	Amount in Rs crore	Ratings Action
Fund Based Limits	15.30 (enhanced from 8.80 crore)	[ICRA]B+ assigned/outstanding
Non Fund Based Limits	5.00 (enhanced from 1.00 crore)	[ICRA]A4 assigned/outstanding
Unallocated Limits	4.70 (enhanced from 0.20 crore)	[ICRA]B+ assigned/outstanding

ICRA has assigned a long term rating of [ICRA]B+ (pronounced ICRA B plus) to Rs 15.30 crore (enhanced from 8.80 crore) fund based limits and Rs 4.70 crore (enhanced from 0.20 crore) unallocated limits of Kandukuri Industries Private Limited (KIPL). ICRA has also assigned a short term rating of [ICRA]A4 (pronounced ICRA A four) to Rs.5.00 crore (enhanced from 1.00 crore) non fund based limits of KIPL.

The assigned ratings take into account the company's moderate scale of operation of each division in a highly competitive textile and construction industry limiting the financial flexibility. The ratings are constrained by susceptibility of margins to fluctuations in volatile raw material price fluctuations in RMG division and high overheads leading to pressure on margins of KIPL. The ratings are further constrained by stretched liquidity position on account of working capital intensive nature of business as reflected by high utilisation of fund based facilities. The ratings also take into account low unexecuted order book to operating income ratio of 1.02 times as on March 31, 2015 for construction division reflecting limited revenue visibility in the long-term.

The ratings however, positively factor in long track record of promoters in textile industry resulting into established relationships with the customers and raw material suppliers. The ratings also favourably factor in diversified revenue base of the company with its presence in four segments and location advantage of the textile unit due to its presence in major cotton growing areas of Andhra Pradesh providing easy access for cotton yarn procurement.

### Company Profile

Kandukuri Industries Private Limited (KIPL) was incorporated by Mr. K V Satyanarayana in 1995. The company operates four divisions – weaving division and readymade garments (RMG) division involved in manufacture and sales of men's garments, healthcare division, operating a 50 bed hospital, and construction division, where KIPL executes projects for canal and college buildings. The weaving division accounts for 51%, RMG for 28.74%, construction for 14.28% & hospital for 5.94% of revenue contribution.

Mr.K V Satyanaryana is the Chairman & Managing Director of Kandukuri Industries Private Limited. He has 45 years experience in the textile industry. He started with a small retail shop in 1968 and started manufacture of Readymade Garments in 1994 and entered into weaving in 2006.

### Recent Results

As per provisional financials of FY15, KIPL reported an operating income of Rs. 51.56 crore with an operating profit of Rs.7.11 crore against an operating income of Rs. 49.87 crore with an operating profit of Rs 6.69 crore in FY2014.

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