



## P Kishanchand Textiles Ltd.

Instrument	Amount	Ratings Action
Short-term non fund-based facility – Import Letter of Credit	Rs. 11.00 crore	[ICRA]A4; Assigned
Short term non fund based facility – Buyer's credit	(Rs. 7.50 Cr)*	[ICRA]A4; Assigned
Long term fund based – Cash credit	(Rs. 3.00 Cr)*	[ICRA]B; Assigned

\*submit within Import Letter of Credit

ICRA has assigned a long-term rating of [ICRA]B (pronounced ICRA B) \* to the Rs.3.00 crore<sup>†</sup> cash credit fund based facilities of P Kishanchand Textiles Limited (PKTL or the company). ICRA has also assigned [ICRA]A4 (pronounced ICRA A Four) rating to the Rs. 7.50 crore buyer's credit facility of the company. ICRA has also assigned a short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 11.00 crore non fund based facilities of the company. The cash credit facility of Rs 3.00 crore and buyer's credit facility of Rs. 7.50 Crore are sub limits of non fund based limit of Rs.11 crore and the combined utilisation should not exceed Rs.11 crore at any point of time.

The assigned ratings are constrained P Kishanchand Textiles Limited (PKTL) 's small scale of operations and low value added nature of the business with entire revenues accruing from fabric trading; this coupled with highly fragmented nature of the fabrics trading industry keeps the profitability margins under pressure. The ratings also factor in the concentration risks arising from the company's high dependence on a few suppliers and customers. Further, the company's working capital funding is largely through LC backed creditors resulting in high TOL/TNW of 3.99X as on March 31, 2014

The ratings, however, favourably considers the vast experience of the promoters in fabric trading business, and benefits accruing from being located in textile hub of Bhiwandi, which provides advantages in terms of proximity to suppliers and customers.

### About the Company

Established on January 1998, P Kishanchand Textiles Limited is engaged in trading of fabrics like denims, ramie fabrics, greige fabrics, dyed fabrics, knitted fabrics etc. The fabrics are sold through a network of wholesalers located in Maharashtra, Haryana and Delhi. The company has a warehouse in Bhiwandi (Thane district in Maharashtra) and its registered office is in Mumbai.

### Recent Results:

PKTL has reported a net profit of Rs. 0.04 crore on an operating income of Rs. 15.36 crore for the year ending March 31, 2014 and has recorded an operating income of Rs.26.01 crore as 31st December 2014.

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*For further details please contact:*

Analyst Contacts:

**Mr. Anjan Ghosh** (Tel. No. +91-22-3047 0049)

aghosh@icraindia.com

Relationship Contacts:

**Mr. L. Shivakumar**, (Tel. No. +91-22-2433 1084)

shivakumar@icraindia.com

\* For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications

<sup>†</sup> 100 lakh = 1 crore = 10 million



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**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: **9871221122**

Email: [vivek@icraindia.com](mailto: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

**Mumbai****Mr. L. Shivakumar**

Mobile: **9821086490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

1802, 18th Floor, Tower 3,  
Indiabulls Finance Centre,  
Senapati Bapat Marg,  
Elphinstone, Mumbai 400013,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: [jayanta@icraindia.com](mailto: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

**Chennai****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto: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

**Ahmedabad****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-  
79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: **989986490**

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills  
Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

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