

Press Release

Brickwork Ratings assigns 'BWR BB' for long-term Bank Loan Facilities and 'BWR A4+' Rating for short-term Bank Loan Facility of Alpine Knits India Pvt Ltd (AKIPL)

<p>Bank Loan Ratings:</p> <p>Long Term : BWR BB</p> <p>Short Term : BWR A4+</p>	<p>Outlook : Stable</p>
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Brickwork Ratings (BWR) has assigned the rating of '**BWR BB**' (Pronounced BWR Double B) with a Stable outlook for the long-term Bank Loan Facilities of ₹ 26.63 Crores and BWR A4+ (Pronounced BWR A Four Plus) for short term Bank Loan Facilities of ₹ 17.70 Crores of Alpine Knits India Pvt Ltd (AKIPL).

Details are as under:

Facility	Limits (` Crs)	Tenure	Rating
Term Loan	17.63	Long Term	*BWR BB (Pronounced BWR Double B)
Cash Credit	9.00		
ILC/FLC	15.40**	Short Term	*BWR A4+ (Pronounced BWR A Four Plus)
Bank Guarantee	2.30		
Total	44.33		

*Please refer to BWR website www.brickworkratings.com for definition of the rating assigned.

**Inclusive of Rs.3 crs ILC/FLC regular limit which will be made available only after the company liquidates Rs.5 crs one time FLC limit

BWR has principally relied upon the financial results up to FY12, Provisional financial results up to Sept 2012 and projected financials of FY13 of AKIPL, publicly available information and information/clarification provided by the Company management.

The rating has factored, inter alia, the promoters' vast experience in the textile sector, the well-established clientele base, technically qualified staff and ability of the Company to increase its scale of operations along with efficient management of working capital. The rating is constrained by very thin profit margins, low level of net worth, intense competition, fluctuating turnover, small scale of operations and volatility associated with raw material prices.

Company Background

AKIPL, a private limited Company was incorporated in 2002 to do agency business of sewing machinery brands from Singapore, Japan and other countries. Later in the year 2007, the Company has started spinning of cotton yarn at Palladam taluk, Tirupur, Tamilnadu. Installed capacity of the Company is 20400 spindles. Current capacity utilization is around 90 per cent.

The Company's major revenue is from sales of Cotton yarn (40%), Cloth (30%) and Sewing machinery (25%). The remaining share of sales is from sale of Scrap, waste cotton and other exports.

The company commenced manufacturing operations in 2007 with the manufacture of 100% Hosiery yarn. The mill manufactures quality counts between Ne 10s to 40s. The mill has a complete range of state of the art spinning machinery from LMW-Coimbatore, MURATEC-Japan and USTER testing equipment. The Company procures the best quality cotton from selected ginning factories in Gujarat with whom the company has excellent business relationship.

Financial Performance

During the FY 12, there is reduction in sales but the PBIDT has increased by 25% due to reduced purchase cost. But the net profit has reduced due to increase in interest expenses. The Company has very low net profit margin due to high cost of purchases, interest and finance charges.. The Company's tangible net worth has projected to be improved from Rs.9.77 Crs to Rs.11.78 Crs on account of infusion of Preference share capital to the extent of Rs.1.48 Crs. The company has revalued its factory land to the extent of Rs.9 Crs during Sept 2012.

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