

**Kitex Garments Limited**

(CIN: L18101KL1992PLC006528)

Regd. office: P. B. No. 5, Kizhakkambalam,

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Phone: 91 484 4142000, Fax: 91 484 2680604

Email: sect@kitexgarments.comwebsite: www.kitexgarments.com

Ref: KGL/SE/2022-23/APR/09

April 30, 2022

The Secretary BSE Limited Corporate Relationship Dept, 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort Mumbai- 400001, Maharashtra Scrip code: 521248	The Secretary National Stock Exchange of India Ltd. 'Exchange Plaza', Bandra - Kurla Complex Bandra (E), Mumbai- 400051, Maharashtra Scrip: KITEX
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Dear Sir/ Madam,

Sub: REVISION IN CREDIT RATING

Please find attached the rating report issued by Credit Rating Agency namely ICRA Limited for the FY 2021-22 which is self explanatory.

This is for your information and records.

Thanking you,

For **Kitex Garments Limited**

CS. Mithun B Shenoy
Company Secretary & Compliance officer
(ICSI M. No. FCS 10527)



Credit Perspective

March 2022



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RATING ACTION

Ratings downgraded; rating removed from Watch with Negative Implications

Long - term Rating

[ICRA]A+; downgraded from [ICRA]AA-; Stable outlook assigned

Issuer Rating

Not applicable

Medium - term Rating

Not applicable

Short - term Rating

[ICRA]A1; downgraded from [ICRA]A1+

Total Limits Rated

Rs. 243.02 crore

Rating Without Explicit Credit Enhancement

Not applicable

ANALYST CONTACTS

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Rating Rationale

For arriving at the ratings, ICRA has consolidated the business and financial risk profiles of Kitex Garments Limited (KGL) and Kitex Childrenswear Limited (KCL, hereafter collectively referred to as the Group), owing to the common management and strong linkages between the entities.

The revision in the ratings factors in the expected moderation in the Group's credit metrics over the medium term owing to the proposed large debt-funded capacity expansion to be undertaken over the next 24 months, along with project execution and market risks, emanating from such an expansion.

The Group is expected to incur a capital expenditure of around Rs. 2,600 crore (including pre-operative expenses) for setting up integrated textile units in Telangana across two phases, with the first phase likely to be completed by H1 FY2024 and the second phase by H1 FY2025. The capital investment is to be funded largely by term loans from banks (70% of the project cost), with the rest to be met with internal accruals. While the expansion would strengthen the Group's market position in the infant wear segment and support its business diversification and growth targets over the long term, a significant increase in debt levels is expected to adversely impact its financial profile over the medium term (till the capacities start generating adequate earnings to support improvement in leverage indicators).

The ratings remain supported by the established market position of the Group in the infantwear segment and strong relationship with large customers in the US market, its strong operating efficiencies backed by high levels of automation and integrated manufacturing set-up, driving healthy profitability and an expected improvement in business diversification upon commissioning of the proposed capacities. The Group's operating performance has witnessed a healthy recovery in the current fiscal, given the strong growth in orders received from key customers in the recent quarters, after its revenues and earnings were adversely impacted in FY2021 owing to demand and labour disruptions. The operating performance is expected to remain strong in FY2023, given its strong order book position and healthy margins enjoyed in the business. The large expansion exposes its earnings to execution and demand risks, with the new capacities estimated to be at around three times the existing level of operations. Nevertheless, rich experience of the promoters, its strong market position and long relationships with customers, and favourable demand conditions owing to increasing shift in procurement of large customers in the US and EU markets from China towards other markets including India provide some comfort. Market players, including the Kitex Group, are expected to benefit from this shift, especially in the infant wear market as China caters to the major part of the requirements and India also holds an edge over other competing nations in this segment. Further, over the medium-to-long term, expanded capacities would lend diversification benefits with the company planning to venture into new value-added product segments and cater to a wider customer base across geographies.

The Group's capital structure and debt-protection metrics are expected to weaken over the medium term on the back of the proposed investment. ICRA expects the Group's metrics including gearing and total debt to operating profits to increase to peak levels of around 1.5 times and 5 times, respectively by FY2024, and further improve in the subsequent fiscals as the capacities start generating earnings. Nevertheless, cash flows and coverage metrics are expected to remain at adequate levels over the next three fiscals, with the minimum debt service coverage ratio (DSCR) expected to be at around 2.0 times. The earnings and liquidity position would be supported by sizeable subsidies to be enjoyed from the state (although timely receipt of the same remains to be seen) and the healthy margins expected from the new products as well (given the strong value addition and integrated manufacturing set-up). The ratings continue to factor in the high customer and geographical concentration risks, high working capital requirements in the business, exposure of the Group's performance to external risk factors such as regulations and duty structures across the markets and fluctuations in foreign exchange rates and input prices, given the limited pricing power enjoyed with established buyers.

The Stable outlook reflects ICRA's expectation that the operational and financial performances of the Kitex Group will continue to benefit from its established presence and leading market position in the infant wear export segment, long relationship with key customers, aiding in repeat orders, ongoing measures towards new customer additions, strong operating efficiencies and favourable demand conditions.

Key Rating Drivers

Credit Strengths

- Established market position in the export of infant wear, backed by promoter's extensive experience in the apparel industry and long relationship with leading international brands in the US market
- Integrated manufacturing facility with presence across knitting, processing, and garmenting facilities, enhances operational efficiency
- Expansion of product portfolio, addition of new customers and venturing into new geographies are likely to improve business diversification over the medium term

Credit Challenges

- Large capacity expansion programme exposes earnings to demand and execution related risks
- High customer and geographical concentration risks with the top-3 customers contributing more than 90% to the total sales and the US market accounting for more than 90% of the total sales
- Limited pricing pressure on account of intense competition from players across the markets, resulting in earnings exposed to fluctuations in raw material prices and exchange rates

Rating Sensitivities

Positive factors

The ratings may be upgraded upon timely commissioning of the projects without any major cost overrun. Also, the Group's ability to source orders to ensure optimal utilisation of the new capacities being added would be required for ratings upgrade.

Negative factors

Pressure on the ratings may arise if its Total Debt/OPBITDA exceeds 1 times on a sustained basis owing to continued pressure on revenues and earnings because of the pandemic or higher-than-anticipated capital expenditure. Any loss of business from its key customers, which would adversely impact its business profile may also exert pressure on the ratings.

Liquidity position: Adequate

The liquidity position of the Group remains comfortable, with free cash reserves of more than Rs. 150 crore as on December 31, 2021, apart from large unutilised lines of credit enjoyed. Despite the expected increase in working capital requirements and large capital expenditure to be incurred in the coming quarters, the Group's liquidity position is likely to remain adequate. The same would be supported by expected steady cash accruals of more than Rs. 175 crore each in FY2022 and FY2023, cash buffer held and project debt to be availed for funding the capital expenditure, given the strong financial flexibility enjoyed with the banking system.

Industry Outlook

The US and the EU (incl. UK) remain major destinations for India's apparel exports, accounting for ~27% and ~32% share, respectively, in FY2021. Accordingly, the trend in India's apparel exports continues to be driven by these two key markets to a large extent. India's apparel exports have witnessed a steady growth in the recent quarters driven by exports to key markets. Growth in some segments such as formal wear/ party wear, however, is likely to remain lower vis-à-vis other essential product categories. Though risks of intermittent disruptions from incremental waves of infections, container shortages, delay in release of export incentives etc. remain, ICRA expects apparel exports to remain at near pre-covid levels going forward, with healthy recovery being seen in demand. The export demand is also likely to be supported by increasing focus of large buyers on diversifying their sourcing base beyond China.

Business and Financial Outlook

Given the focus of global retailers to consolidate their vendors (to source from environment-compliant established suppliers) and reduce exposure towards China, Indian players such as Kitex group and others are expected to benefit from increased customer additions and proposed diversification into new products and markets. Thus, ICRA expects the group to steadily scale up its revenue base over the medium term, driven by recurring orders from the existing clientele, addition of new customers and other diversification measures undertaken by the company.

EXHIBIT 1: Outlook for next 12-24 months

Parameters	ICRA's Comments
Revenue Growth	Strong growth of more than 40% in FY2022. Going forward, growth from existing capacities is expected to be limited to around 8-10% due to capacity constraints. Nevertheless, with the ongoing capacity expansion in Telangana, revenue growth is likely to remain strong over the medium-to-long term
Profitability Indicators	Margins likely to remain at 20% in the near-to-medium term, supported by better operating leverage with growth in scale of operations and improvement in operating efficiency
Repayment Obligations	No repayments till FY2024
Capital Expenditure Plans	Rs.2,600 crore over the next three years; expected to be funded by external debt of 70% and the remaining through internal accruals
Leverage and Coverage Indicators	Expected to moderate to an extent from the healthy levels witnessed in the past on the back of large debt funded capacity expansion being undertaken. Nevertheless, the coverage metrics are likely to remain adequate on the back of steady earnings from operations expected over the medium term
Working Capital Intensity	To remain moderately high at around 45%

Peer Comparison

EXHIBIT 2: Peer comparison

In Rs. Crore	Kitex Group (Consolidated)		S.P. Apparels Limited		First Steps Babywear Private Limited	
Rating	[ICRA]A+ (Stable)/[ICRA]A1		[ICRA]A+(Stable) /[ICRA]A1		[ICRA]A (Stable)/[ICRA]A2+	
	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
Operating Income (OI, Rs. crore)	963.2	703.1	830.8	652.3	704.6	739.1
Profit After Tax (PAT, Rs. crore)	124.5	84.6	46.9	43.2	35.6	21.2
OPBDIT/OI (%)	21.7%	22.6%	12.6%	16.0%	9.4%	6.7%
PAT/OI (%)	17.3%	18.1%	5.6%	6.6%	5.1%	2.9%
TOL/TNW (times)	0.4	0.2	0.7	0.6	0.9	1.0
Total Debt/OPBDIT (times)	0.7	0.0	2.2	1.9	2.4	4.1
Interest Coverage (times)	19.2	31.7	4.6	7.3	4.6	3.8

Source: Company, ICRA Research; All ratios as per ICRA calculations; NA: Not available; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; TOL: Total Outside Liabilities; TNW: Tangible Net Worth

Detailed credit considerations

Established market position in the infant wear export segment aids in generating repeat business from reputed global retailers

The Kitex Group is among the largest manufacturers and exporters of infant wear from India, with a demonstrated track record of more than two decades. The Group manufactures and exports apparels for infants (less than 24 months). While there are large export houses that manufacture childrenswear, players with dedicated facilities to meet the demand for infantwear are few. The Group has restricted its focus to infantwear owing to stability in demand given the relatively shorter life cycle, which facilitates constant repurchases and higher potential for value addition than other segments. The company operates in the niche segment of manufacturing garments for infants, where stringent quality requirements and relationships with customers pose as entry barriers. The promoter's extensive experience in the apparel industry and established relationships with leading international brands supported revenues and earnings over the years. The expected shift in sourcing by large retailers from the competing supplier nations to India, and the proposed diversification into new products and customers are likely to support the long-term growth potential of the Group.

Over the years, Kitex has acquired significant technical capabilities in this segment and developed the expertise to concurrently manage multiple large orders. It has established a modern integrated facility to meet the high-quality standards of large foreign retailers. The Group's operations are integrated owing to its presence across knitting, processing and garmenting segments of the value chain, enhancing operational efficiencies. Besides, presence in the value-added segment (printing and embroidery), coupled with strong operational infrastructure with high level of automation results in better-than-average industry margins for incumbent players like the Kitex Group.

Proposed large capacity expansion exposes earnings to market and execution related risks

The Group is in the process of setting up two new manufacturing units with an expected cost of Rs. 2,600 crore over the next three years, given the healthy demand conditions and lack of adequate capacity available with the Group to meet customer requirements. The on-going projects in Telangana would utilise the incentive scheme of the Telangana textile policy. The project is eligible for a number of state subsidies like capital, power, employee, freight, and interest. Over the period of 10 years, the sizable portion of project expenditure incurred is being reimbursement through the subsidies. However, with the proposed large debt funded capex, the Group's key credit metrics like TD/OPBDITA, Interest coverage and liquidity are expected to moderate till the projects get fully commercialise and start generating earnings. The earnings and liquidity position

would be supported by the subsidies (although timely receipt of the same remains to be seen) and the healthy margins expected from the new products as well (given the strong value addition and integrated manufacturing set-up).

Expected product, customer, and geographical diversification from the on-going expansion

The Group is in the process of diversifying its business profile, with the ongoing capacity expansion expected to improve its product diversification, customer diversification and geographical diversification over the medium-to-long term. The Group plans to venture into new value-added product categories including infant socks, fleece garments, and premium T-shirts and innerwear for adults, which would reduce its dependence on the infant wear segment. Further, additional capacity would aid the Group in reducing the concentration risks with specific set of customers and the US market, with plans to widen its client portfolio to include other major retailers in the US and EU markets.

Steady improvement in operating performance in recent quarters

Kitex's performance in the recent quarters registered a healthy improvement when compared to the preceding fiscals, primarily driven by the healthy growth in volumes from the existing customers coupled with increased price realisations. With demand from the US having reached the pre-Covid levels along with a healthy order book, the Group is expected to achieve healthy revenues for the fiscal.

The Group enjoys established relationships with reputed global apparel retailers in the US markets, as illustrated by recurring orders received and a steady increase in the order size. In addition, an expected shift in sourcing by large retailers from the other large competing supplier nations to India and product / customer diversification initiatives undertaken by the Group are likely to support the long-term revenue growth potential of the company.

Customer and geographic concentration risk remains high

The Group's revenues remain susceptible to the business concentration risk till the new capacities are commissioned and the Group diversifies its customer base as more than 90% of its revenues are generated from the US market and a large portion of sales is generated from its top-three customers. The company exports to leading global retailers, with which it has established relationships. The top three customers have continued to contribute more than ~90% to the company's total revenues. Thus, revenues and earnings of the Kitex Group are exposed to the performance of its key customers, apart from other external factors such as regulations and duty structures across the markets. However, the risk is mitigated to an extent by the established relationship enjoyed with its clientele and the continued steps taken by the Group to further diversify its revenue base across products, customers, and geographies.

Limited pricing flexibility exposes earnings to price risk

The Group's earnings remain exposed to fluctuations in raw material prices and exchange rates on the back of limited pricing flexibility enjoyed with key customers. The Group faces competition from other large textile exporters from India as well as from other low-cost garment exporting countries, which limits its ability to improve prices and margins to an extent. While order-backed procurement limits price risk because of movement in yarn prices, its earnings have been protected to a large extent against fluctuations in exchange rates through the hedging arrangement undertaken.

Revenues in FY2021 were affected by pandemic-induced business disruptions; however, steady growth likely over the medium term

The Group's revenues fell 28% in FY2021 as performance in the first half was constrained by the pandemic and related deferment of orders. The recovery in the second half of the fiscal was constrained by labour availability issues in Kerala. As a result, the company had limited its order intake to ensure timely delivery to its major clients. Nevertheless, the company started building up its infrastructure and ramping up its labour base in the fourth quarter. With successful completion of the same, the capacity utilisation improved in the current fiscal. The revenues registered a healthy improvement in 9M FY2022 on the back of robust growth in orders from its key customers. Performance in the coming quarters is also expected to remain healthy, given the order book position enjoyed with its major customers, which are leading infant wear players in the US market. The revenue growth has been supported by increasing demand for quality infant wear in major economies and a shift in orders from China to India. The Group (KGL and KCL combined) is expected to achieve revenues of more than Rs. 1,150 crore

in the current fiscal. Going forward, growth from the existing capacities is expected to be limited to around 8-10% owing to the capacity constraints faced, especially in KGL. Nevertheless, with the proposed expansion in Telangana, which would sharply increase the capacities available, the revenue growth is likely to remain strong over the medium term from FY2024.

Operating margins expected to remain healthy at around 20% going forward

The operating profits of the Group remain better than industry peers, supported by pricing flexibility, continued focus on automation to reduce fixed costs, operational efficiencies for being an integrated unit and healthy value addition in the infant wear segment, which have cumulatively led to strong operating margins. The operating margins remained steady at more than 20% in 9M FY2022 and are expected to be at similar levels over the medium terms, despite an increase in raw material costs and other operating expenses as the company has been able to pass on the same to the customers to a large extent. Further, strong operating efficiency and economies of scale have supported margins in the recent past. Margins for the new projects to be added are likely to remain healthy at around 25%, driven by improved value addition (with backward integration into spinning), high value-added nature of the new products (like infant socks and fleece-fabric and garments), better productivity with advanced machinery (to be installed) and automation and a sizeable employee and freight subsidy to be received from the state government.

Credit metrics likely to moderate over medium term

The overall credit profile and the liquidity position of the Kitex Group remain strong at present with the Group remaining debt free, apart from enjoying free cash balance of around Rs. 150 crore as of December 2021. However, with the proposed large debt-funded capex, the capitalisation levels and debt protection metrics are expected to moderate till the projects get fully commissioned and start generating earnings. However, over the medium to long term strong earnings expected from the proposed capacities would result in improvement in capitalization ratios of the company

Working capital intensity to remain at moderately high levels

The working capital intensity levels have increased for the Group in the recent fiscals on the back of rising stock levels to meet the increasing demand in line with the orders received, coupled with firm receivables position. The receivables position increased as higher credit was extended to key customers (which increased to more than 120 days on an average because of the pandemic). However, with the recovery in demand across the markets, the debtor days are likely to correct to steady levels of around 90-100 days over the near-to-medium term. The working capital cycle has been supported to an extent by the high payables, on the back of growing imports of dyes and chemicals for processing. The company avails 60 days credit for yarn and imports are backed by 90-days LC.

CAPITAL EXPENDITURE AND FUNDING PLANS

Steady capacity addition planned in line with that of healthy demand conditions

The Group has initiated a large capacity expansion programme of Rs. 2,600 crore in Telangana, to be completed by June 2024, for enhancement of capacities across the value chain. The expansion would be largely funded through debt (70%) and the remaining through internal accruals. The company has received in-principle sanction from few banks and is in the process of achieving financial closure in the near term. The proposed facilities are expected to augment the capacity and help the company diversify its product and geographical presence.

EXHIBIT 3: Debt repayment

Particulars	o/s March 31, 2021*	FY2022P	FY2023P	FY2024P
Annual Debt Repayments	-	-	-	-

Source: Company; Note: Amounts in Rs. Crore

Framework Overview

		Strong	Comfortable	Moderate	Modest	Weak
Industry Risk	Industry risk					
	Scale					
Business Risk	Competitive Position					
	Diversification					
Financial Parameters	Coverage					
	Leverage					
		Enhance		Neutral		Hinder
Do these factors enhance or hinder the credit profile	Refinancing Dependence					
	Liquidity and financial flexibility					
	Financial policy					
	Foreign exchange risk					
	Management, Governance & Reporting					

In line with ICRA's rating methodology, the ratings factor in the trend of the industry in which the Group operates in, as well as its scale, installed capacity and utilisation, product, customer and geographical diversification. Its credit profile benefits from its established relationships with reputed overseas clientele in the infantwear segment, track record of repeat business and expected business diversification. However, the ratings are constrained by expected moderation in debt protection metrics, high concentration risks, inherent working capital requirements in the business, and exposure of earnings to price risk.

EXHIBIT 4: Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Indian Textiles Industry – Apparels
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the business and financial risk profiles of KGL and Kitex Childrenswear Limited (collectively referred to as the Kitex Group), owing to the common management and strong linkages

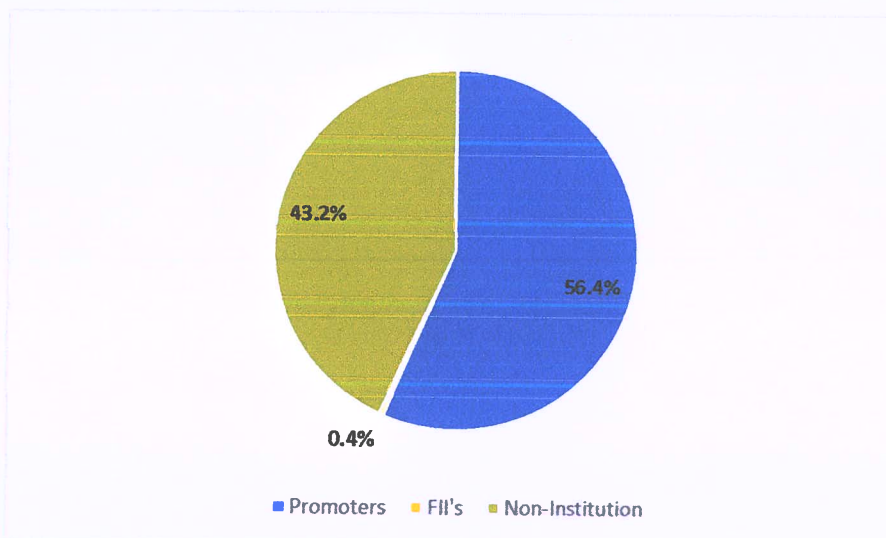
Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Company Profile

Kitex Garments Limited (KGL) was incorporated in 1992 and is managed by Mr. Sabu Jacob. The company is a part of the larger AnnaKitex Group, which has diversified interests across various sectors. KGL, along with its Group company, KCL (which holds a 15.9% stake in the company), manufactures and exports infantwear to apparel retailers based out of the US and other developed markets. The Group has a fully integrated manufacturing facility at Kizhakkambalam (Kerala) with a capacity to manufacture around 235 million pieces per annum. The Kitex Group established a marketing and design unit based out of the US in FY2015 (equally held by KGL and KCL) to diversify its business profile and reduce dependence on its key customers. The Group is in the process of setting up two new large integrated manufacturing units in Telangana across two phases in Warangal and Sitarampur, which are expected to fully commercialise by June 2023 and June 2024, respectively. While the unit at Warangal is likely to continue to cater to the childrenswear segment, the Group proposes to diversify into other products including infant socks, fleece garments and premium T-shirts and innerwear for adults from the unit at Sitarampur.

EXHIBIT 5: Shareholding pattern (as on December 31, 2021)



Promoter and Management Profile

The Group's operations are managed by the Promoter Director Mr. Sabu Jacob and key management personnel. The Promoter has extensive experience in the business and has been involved with the garment industry for the past three decades, which supported the Group in building an established client base and a strong market position. He has been actively involved with managing yarn procurement, manufacturing and processing of garments and improving operational efficiency of the manufacturing unit.

ESG Risks

Being a labour-intensive segment, the entities operating in the garment sector are exposed to the risk of disruptions due to inability to properly manage the human capital in terms of their safety and the overall well-being. Further, any significant increase in wage rates may adversely impact the cost structure of apparel manufacturers, impacting the margins. Measures taken by the company towards employee welfare coupled with the healthy value addition in the business have resulted in no material impact on the Kitex Group's performance from the above said risks till date. Further, garment exporters are also exposed to risks of protests/ conflicts with local communities and/ or shortage of skilled workers could also affect operations/ growth plan and remain key concerns. Entities also remain exposed to any major shift in consumer preferences or developments affecting discretionary consumer spending in key markets.

Also, the industry is exposed to environmental risks, primarily through water, land use, and the climate impact of production as well as post-consumer waste. While these risks have not resulted in material implications so far, policy actions towards waste management and the environmental impact such as to recycle the textile as well as packaging waste being generated, could have cost implications for the companies. This apart, dyeing and processing of fabrics cause water pollution and result in significant waste-water generation and the Group operates a fully automated effluent treatment plant to treat wastewater before discharge. Any disruptions in measures taken for appropriate treatment of wastewater/effluents could result in significant penalties, while also causing prolonged adverse impact to operations in case the authorities take any strict action.

ANNEXURE I: Past Financials (consolidated)

In Rs. Crore (Consolidated)	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue & Profitability Indicators					
Operating Income (OI)	644.6	664.7	857.6	963.2	703.1
Growth in OI (%)	-10%	3%	29%	12%	-27%
OPBDITA	179.4	145.1	236.7	209.2	158.8
Profit After Tax (PAT)	92.1	72.6	124.7	124.5	84.6
Net Cash Accruals (NCA)	111.3	90.3	152.7	126.9	114.8
OPBDITA/OI (%)	27.8%	21.8%	27.6%	21.7%	22.6%
PAT/OI (%)	14.3%	10.9%	14.5%	12.9%	12.0%
ROCE (%)	21.9%	17.4%	26.4%	19.1%	13.8%
Capitalisation & Coverage Indicators					
Short-term Debt	22.5	20.9	144.8	133.9	0.0
Long-term Debt	31.5	26.1	18.4	14.0	0.0
Total Debt	54.0	47.0	163.2	147.9	0.0
Tangible Net Worth (TNW)	606.8	656.0	754.3	852.2	965.7
Total Debt/TNW	0.1	0.1	0.2	0.2	0.0
Total Debt/OPBDITA	0.3	0.3	0.7	0.7	0.0
Interest Coverage	12.3	14.7	31.5	19.2	31.7
TOL/TNW	0.3	0.3	0.4	0.4	0.2
NCA /TD (%)	206%	192%	94%	86%	-
DSCR	3.3	5.6	9.3	10.5	23.9
Working Capital Indicators					
Debtor Days	102	106	99	131	137
Creditor Days	121	126	99	94	100
Inventory Days	50	85	99	88	124
NWC/OI (%)	29%	40%	46%	49%	57%
Cash Flow Analysis					
Fund Flows from Operations	111.6	94.2	150.4	146.6	109.6
Retained Cash Flows	40.0	12.4	26.9	42.6	191.3
Free Cash Flows	(29.6)	(39.4)	(83.9)	(10.5)	220.6

Source: Company, ICRA Research; Note: Amounts in Rs. crore

ANNEXURE II: Details of Limits Rated

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Short term - Fund-based Limits – Working Capital Facilities	-	-	-	182.00	[ICRA]A1
NA	Short term - Non-Fund based Limits – Working Capital Facilities	-	-	-	20.00	[ICRA]A1
NA	Long term/Short Term – Unallocated	-	-	-	41.02	[ICRA]A+(Stable) / [ICRA]A1

ANNEXURE III: Details of Limits Rated on Short-Term Scale

Bank Limits	Amounts (Rs. crore)	Rating
Fund-based facilities		
State Bank of India	107.00	[ICRA]A+ (Stable)
State Bank of India	43.00	
State Bank of India	7.00	
HDFC Bank	25.00	
Non-Fund-based facilities		
State Bank of India	15.00	[ICRA]A+ (Stable)
State Bank of India	5.00	
Total	202.00	

ANNEXURE IV: Details of Limits Rated on Long-term/Short-term scale

Bank Limits	Amounts (Rs. crore)	Rating
Unallocated facilities		
Unallocated limits	41.02	[ICRA]A+(Stable)/[ICRA]A1
Total	41.02	

ANNEXURE V: Rating History for Past Three Years

Instrument	Type	Current Rating (FY2022)			Chronology of Rating History for the past 3 years				
		Amount Rated (Rs. crore)	Amount Outstanding as (Rs. crore)	Date & Rating in			Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
				March 04, 2022	October 01, 2021	July 20, 2021			
							November 11, 2020	October 04, 2019	December 31, 2018
1	Fund-based - working capital facilities	182.00	-	[ICRA]A1	[ICRA]A1+ @	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	Non-fund based	20.00	-	[ICRA]A1	[ICRA]A1+ @	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

	working capital facilities									
3	Unallocated	Long Term / Short Term	41.02	-	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]AA- @/ [ICRA]A1+ @	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+	[ICRA]AA- (Stable)/ [ICRA]A1+

Source: Company Amount in Rs. Crore

Annexure-VI: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Kitex Littlewear Limited	100%	Full Consolidation
Kitex Babywear Limited	100%	Full Consolidation
Kitex Socks Limited	100%	Full Consolidation
Kitex Packs Limited	100%	Full Consolidation
Kitex Knits Limited	100%	Full Consolidation
Kitex Kidswear Limited	100%	Full Consolidation
Kitex Apparel Parks Limited	70%	Full Consolidation
Kitex Childrenswear Limited	-	Full Consolidation
Kitex USA LLC (note 1)	50%	Equity method
Kitex Herbals Limited (note 2)	-	Full Consolidation
Kitex Infantwear Limited (note 2)	-	Full Consolidation
Kitex Apparels Limited (note 2)	-	Full Consolidation

Note 1 - Kitex USA LLC is a 50:50 joint venture between KGL and KCL

Note 2 - These entities are subsidiaries of KCL



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