

CARE Due Diligence Services



Due Diligence Report

Name of the Entity	Jet Knitwears Limited
Location	119/410-B-1 Darshanpurwa, Kanpur, Uttar Pradesh- 208012
Operational Status	Operational
Report Date	January 08, 2016

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Key Strengths

- *Well-experienced promoters and management team having average experience of over 30 years in the textile industry*
- *Established track record of business operations with enduring relationship with wholesalers and retailers.*
- *Decent range of products portfolio consortium with multiple brands (Jet, Lycot Australia, Take-off, Fresh-long, Jet Eco and Boski)*
- *Infusion of fund by promoters to support the operations*
- *Moderate capital structure and moderate debt coverage indicators*

Key weaknesses

- *Low profitability margins*
- *Working capital-intensive nature of operation leading to about 85% utilization of working capital bank borrowings.*
- *Susceptibility of margins to volatile raw material prices*
- *Modest scale of operations with presence in highly competitive and fragmented industry.*
- *Project execution risk within estimated time and envisaged cost*
- *Project funding risk as the IPO is not yet issued which is the primary source of funds of the same.*

Note:

- *To undertake the due diligence, CARE has relied at the information provided by the management, their deputed/ instructed by the management and Draft Red Herring Prospectus.*
- *For undertaking the financial analysis, we have primarily relied on the following financial statements provided by the management:*
 - *Audited financials for the financial year ending March 31, 2011, audited by M/s Sushil Gupta & Company and signed by Mr. Pankaj Khanna (Partner) dated September 01, 2011.*
 - *Audited financials for the financial year ending March 31, 2012, audited by M/s Sushil Gupta & Company and signed by Mr. Pankaj Khanna (Partner) dated September 01, 2012.*
 - *Audited financials for the financial year ending March 31, 2013, audited by M/s Sushil Gupta & Company and signed by Mr. Pankaj Khanna (Partner) dated September 02, 2013.*
 - *Audited financials for the financial year ending March 31, 2014, audited by M/s Sushil Gupta & Company and signed by Mr. Pankaj Khanna (Partner) dated September 01, 2014.*
 - *Audited financials for the financial year ending March 31, 2015, audited M/s Sushil Gupta & Company and signed by Mr. Pankaj Khanna (Partner) dated July 16, 2015.*

DRHP consists of financials till March 31, 2015; thus, CARE has also considered financials till only March 31, 2015.

- *As a part of the due diligence exercise for NSE, CARE also*
 - *Reviews financials submitted by the company with Ministry of Corporate Affairs.*
 - *Undertakes Site visit and management discussion*
 - *Due Diligence with lenders and auditors*
 - *Due Diligence with customers and suppliers.*
- *However, please note that*
 - *Due diligence exercise by CARE is not an audit and also not a recommendation for entering into any transaction with the entity.*
 - *CARE does not guarantee the accuracy, completeness or adequacy of any information on which this report is based. CARE is not responsible for any error / omissions for the results/opinions obtained for the use of this report.*

BRIEF SNAPSHOT OF ENTITY

Name	Jet Knitwears Limited (JKL)				
Year of Incorporation	April 02, 1996				
Constitution	Public limited company				
Nature of Business	Manufacturing of Knitted Cotton Garments				
Industry	Textile				
Products Manufactured	Vests, Briefs, Brassiere, Panties, Socks, T-shirts and Casual wears (for men, women and children)				
Registered Office	119/410-B-1 Darshanpurwa, Kanpur, Uttar Pradesh - 208012				
Location of Plant 1	119/410-B-1 Darshanpurwa, Kanpur, Uttar Pradesh - 208012				
Location of Plant 2	26, Appachi Nagar, 3 rd Street, Kongu Main Road, Tirupur, Tamilnadu - 640607				
Key Promoters name	Mr. Balram Narula, Chief Managing Director and Chief Executive Officer (CMD and CEO)				
Key regulatory approvals, certifications and membership	NA				
Major Brands	Jet, Lycot Australia, Take-off, Fresh-long, Jet Eco and Boski				
Name of the Auditor	M/s Sushil Gupta & Co.				
Major Existing Bankers	Axis Bank and State Bank of India				
Total number of employees	64				
Total income for latest year	Rs.3732.45 Lakh (FY15)				
Wilful defaulter as per CIBIL	No as on September 30, 2015				
Litigations	Cases Against	Particulars	Nature & Number of Case	Amount involved	Current status and managements response
	JKL	Trademark and Copyright	Civil - 1	Not applicable	Hearing in case is in process with Kanpur court.
	JKL	Negotiable Instrument	Civil – 1	Not applicable	Hearing is in Process
	JKL	Income Tax	Civil – 2	-	Appeal Accepted in favor of JKL
	JKL	Audit Objection	Civil - 1	Not applicable	Hearing in case is yet to start
	Mr. Balram Narula (Promoter)	-	IPC 336 & 337 - 1	Not applicable	Case is pending

Background

Incorporated in 1996 as private limited company and later re-constituted in 2015, Jet Knitwears Limited (JKL, Erstwhile set up as a proprietorship, later it was reconstituted to partnership firm in 1969) is engaged into manufacturing of cotton knitted garments which consist of vests, briefs, brassiere, panties, socks, t-shirts and casual wears for men, women and children.

JKL has a registered office at Kanpur, Uttar Pradesh and has two fully integrated manufacturing units located in Kanpur and Tirupur.

Plants details (installed capacity) as follows:-

Particulars	Knitting	Processing	Cutting, Stitching, Pressing and Packaging
Kanpur Plant (Uttar Pradesh)	26 Machines of 24 gauge – 5kg per hour 15 Machines of 26 gauge – 5kg per hour	6 Machines – 500 kg per Day	On job work basis
Tirupur Plant Tamilnadu.	On job work basis	3 Machines – 360 kg per Day 1 Machines – 120 kg per Day	On job work basis

The company sells its products through wholesalers and retailers in the market while raw material (i.e. hosiery yarn) procures from various local spinning mills operate in Coimbatore (Tamil Nadu) and Kanpur (Uttar Pradesh).

JKL is planning to set up a manufacturing unit at Kanpur (Uttar Pradesh) to manufacture value added hosiery garments such as t-shirts, Bermuda, slips and lowers. The overall estimated project cost is Rs.433.61 Lakh, which it will be funding through IPO proceeds (not yet issued). The company has already acquired land in Kanpur to construct the plant, however, no construction work of factory or building and other project work have been started yet as the whole project is going to be financed through IPO proceeds which is yet to be issued.

Further, JKL has transferred its bank facilities (Cash Credit and Term loan) from State bank of India to Axis Bank in November, 2015. JKL has also enhanced its cash credit facility from 8.00 crore to 11.00 crore with Axis Bank to support its additional working capital requirement and the same has been started availing by company from January, 2016.

During FY15, the total operating income (TOI) of JKL stood at Rs.3732.45 Lakh (compared with Rs.3851.09 Lakh in FY14), while net profit of the company stood at Rs.39.77 Lakh in FY15 (compared with Rs.18.10 Lakh in FY14). As per the management, during 9MFY16 (April 1, 2015 to December 31, 2015), JKL has reported PBT of Rs.66.07 lakh on total sales of Rs.2923.71 lakh.

ORGANISATION & MANAGEMENT: PROFILE OF THE PROMOTERS, MANAGEMENT & BOARD OF DIRECTORS

Details of key promoters

Name	Age	Designation	Educational qualification	Total years of experience	Years of association with company	Details of the past experience	Responsibilities handled
Mr. Balram Narula	64 years	CMD and CEO	B.A.	30 years	Since incorporation	NA	Overall Management
Mr. Anil Kumar Narula	59 years	Director	M.Com	35 years	Since incorporation	NA	Director of Tirupur Plant
Mr. Rakesh Kumar Narula	57 years	Director	B.Com	30 years	Since incorporation	NA	Director of Kanpur Plant
Mrs. Usha Narula	59 years	Director	HSC	10 Years	Since incorporation	NA	NA
Mrs. Jyoti Narula	46 years	Director	B.A.	5 years	7 years	NA	NA
Mrs. Kanchan Narula	58 years	Director	HSC	10 yearsrs	Since incorporation	NA	NA
Mrs. Sandhya Narula	52 years	Director	B.A.	5years	7 years	NA	NA

Comments:

- Mr. Balram Narula is an Arts graduate from Kanpur University and has more than three decades of experience in the textile and innerwear industry. He was appointed as Managing director of JKL in 2009. Mr. Narula is also a director in Venus Knitwears Co. Private Limited and Jet Knit Indclus Private Limited.
- Mr. Anil Kumar Narula (brother of Mr. Balram Narula) is a promoter and executive director of JKL. He has done masters in commerce from Kanpur University and has more than three decades of experience in marketing and manufacturing of hosiery undergarments. He looks after day to day operations of Tirupur plant. Mr. Anil Kumar Narula is also a director in Front line Exports Private Limited.
- Mr. Rakesh Kumar Narula (brother of Mr. Balram Narula) is a promoter and executive director of JKL. He has done Bachelors in Commerce from Kanpur University and has more than three decades of experience in hosiery manufacturing, production and sales. Mr. Rakesh Kumar Narula is also a director in Front Line Exports Private Limited.

Details of key management personnel

Name	Age	Designation	Educational qualification	Approx. total years of experience	Date of Appointment	Responsibilities handled
Mr. Ankur Narula	36	Chief Financial Officer	Masters in Business Systems, Monash University, Australia	13	October 1, 2015	Overall Financial Officer
Mr. Parul Gupta	23	Company Secretary & Compliance Officer	CS	1	October 1, 2015	Secretarial Compliances
Mr. Rohit Narula	32	President (Marketing)	Masters in Global Business, University of Manchester, U.K.	13	March 1, 2015	Market development and Coordination between both plants
Mr. Prashant Narula	25	President (Marketing)	Graduate	1	March 26, 2015	Market Development and coordination
Mr. Gaurav Narula	31	President (Production)	Graduate	5	March 26, 2015	Overall control of production activities
Mr. Saurabh Narula	29	President (Sales)	Post Graduate	7	March 31, 2015	Overall control of sales and distribution
Mr. Vaibhav Narula	25	Vice President (Production)	Graduate	3	March 31, 2015	Day to day to production activities
Mr. Murugan Mukesh	40	General Manager (Tirupur)	Graduate	15	March 26, 2015	Overall administration and maintenance of production, purchase and dispatch
Mr. Surinder Kumar	35	Accounts Manager (Tirupur)	Graduate	11	March 24, 2015	Maintenance of accounts and preparation of annual financials statements
Mr. Devesh Kumar	32	Production Manager (Tirupur)	Graduate	7	March 26, 2015	Coordination of all production related activities and maintenance of plant
Mr. Awesh Kumar	30	Purchase Manager (Tirupur)	Graduate	5	March 24, 2015	Purchase and sourcing of raw material

Comments:

- The second line of management consists of mix of recently appointed and past associated key personnel with relevant education and experience in the industry.

- Mr. Ankur Narula is a son of Mr. Balram Narula and Mr. Prashant, Mr. Gaurav, Mr. Saurabh and Mr. Vaibhav are nephews of Mr. Balram Narula, Mr. Anil Narula and Rakesh Narula.

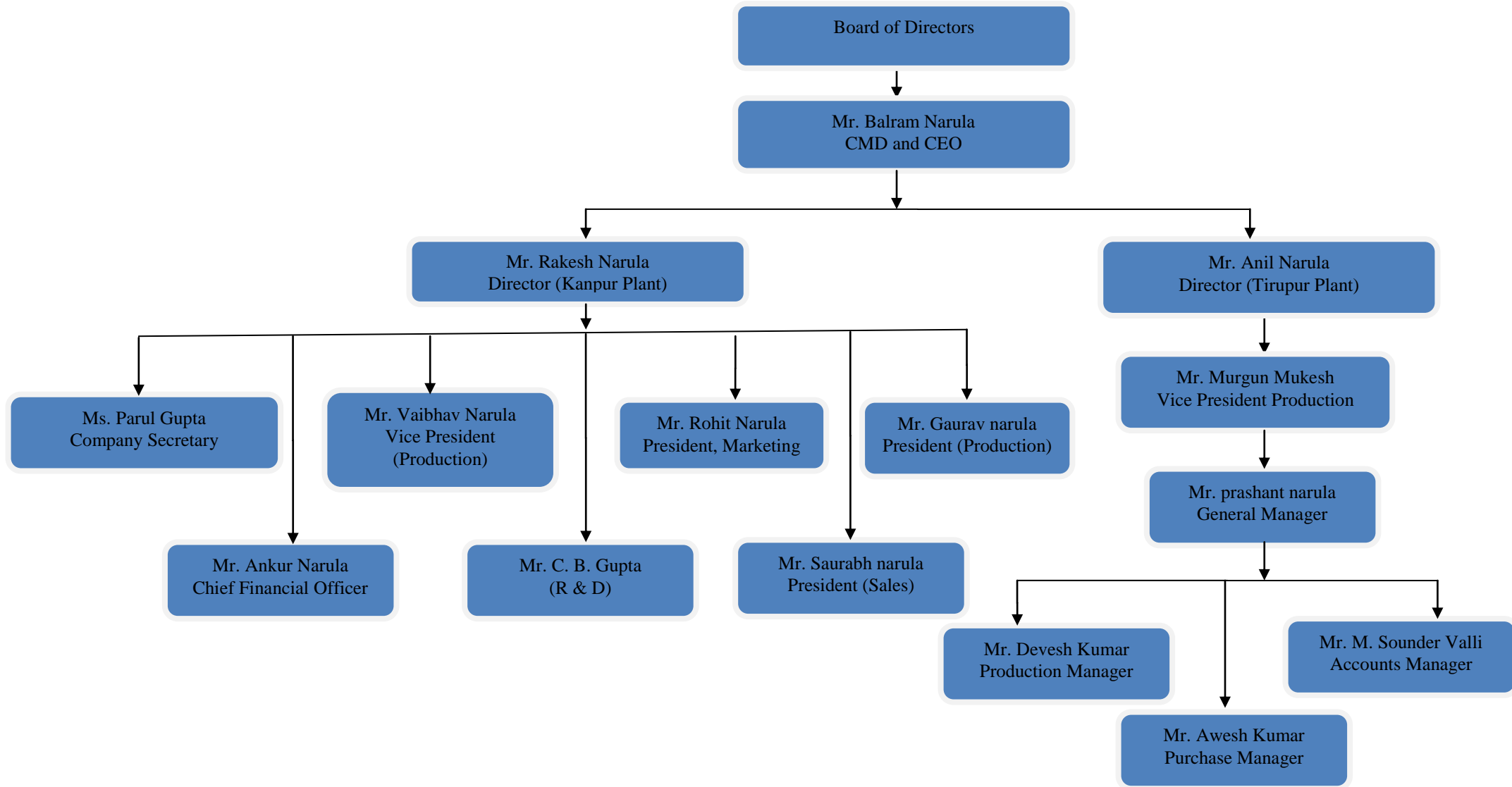
Details of the board of directors

Name	Age (Years)	Category	Education qualification	Total years of experience	Date of Appointment	Details of the past experience	Other directorships/ Association Chairman
Mr. Balram Narula	64 years	Executive & Non-Independent	B.A.	30 years	June 01, 2015	Associated with JKL since inception	-Venus Knitwears Co. Pvt. Ltd. -Jet Knit Indclus Pvt. Ltd.
Mr. Anil Kumar Narula	59 years	Executive & Non-Independent	M.Com	35 years	April 01, 2015	Associated with JKL since incorporation	-Front Line Exports Pvt. Ltd.
Mr. Rakesh Kumar Narula	57 years	Executive & Non-Independent	Commerce graduate	30 years	April 01, 2015	Associated with JKL since inception	-Front Line Exports Pvt. Ltd.
Mr. Ashok Chandra Bajpai	64 years	Non-executive and independent	MA LLB	35 years	August 01, 2015	Associated with JKL since August 01, 2015	-Shray Offset Pvt. Ltd.
Ms. Ramesh Chandra	77 years	Non-executive and independent	M.A. L.L.B., Diploma in Instrumentation and Electronics	15 years	August 01, 2015	Associated with JKL since August 01, 2015	-TRV Infra Pvt. Ltd. -K Akshay Enterprises Pvt. Ltd.
Mrs. Dinesh Parashar	65 Years	Non-executive and independent	B.A.	5 years	September 01, 2015	Associated with JKL since September 01, 2015	-

Comments:

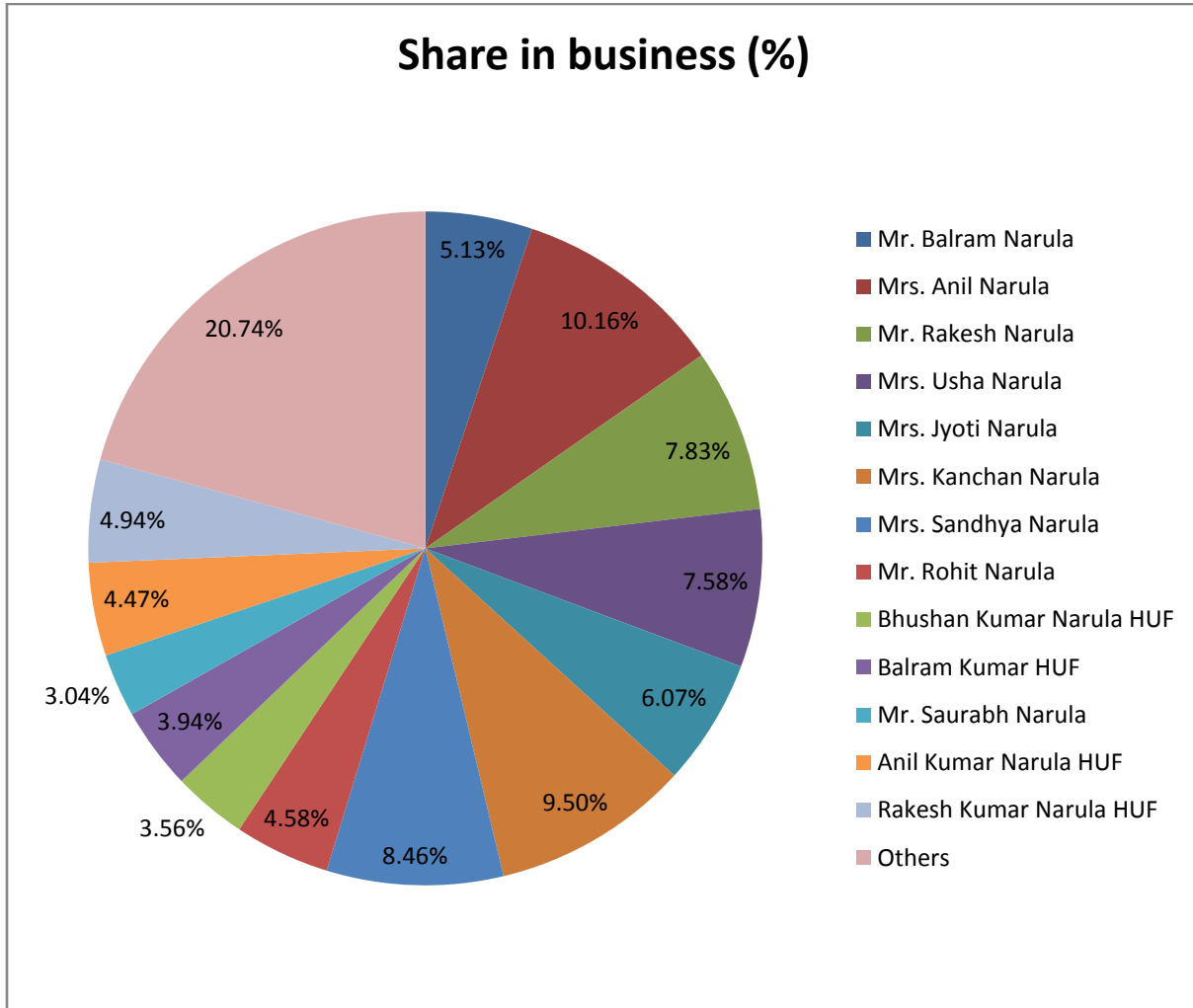
- JKL has three executive and non-independent (promoter) directors and three non-executive and independent directors.
- The average industry experience of all the directors is more than 3 decades in the fields of finance, marketing, production and administration. However, the non-executive independent directors have been associated with the company for less than a year.

Due Diligence Report: Jet Knitwears Limited



ORGANISATION & MANAGEMENT: MANAGEMENT & OWNERSHIP STRUCTURE

Share holding pattern as on December 31, 2015



Name of share holder	No. of equity shares held	Share in business (%)
Mr. Balram Narula	153910.3	5.13%
Mrs. Anil Narula	304820.3	10.16%
Mr. Rakesh Narula	234915.7	7.83%
Mrs. Usha Narula	227415.2	7.58%
Mrs. Jyoti Narula	182112.1	6.07%
Mrs. Kanchan Narula	285019.0	9.50%
Mrs. Sandhya Narula	253816.9	8.46%
Mr. Rohit Narula	137409.2	4.58%
Bhushan Kumar Narula HUF	106807.1	3.56%

Balram Kumar HUF	118207.9	3.94%
Mr. Saurabh Narula	91206.1	3.04%
Anil Kumar Narula HUF	134108.9	4.47%
Rakesh Kumar Narula HUF	148209.9	4.94%
Others	622241.5	20.74%
Total	3000200.0	100.00%

- The promoters of the company collectively holds approx. 55% stake in JKL and remaining are held by promoter group, relatives and other associates.

Group Company details

(Rs. Lakh)

Name of the group company	Venus Knitwears Co. Private Limited		Frontline Exports Private Limited		Jet Knit Indclus Private Limited	
	FY14	FY15	FY14	FY15	FY14	FY15
Date of incorporation	April 11, 1988		August 13, 1990		January 28, 2011	
Registered office	125/67-C K-Block, Govind Nagar, Kanpur, Uttar Pradesh - 208006		226 Guru Nanak Motor Market, Kashmiri Gate, Delhi - 110006		119/410-B-1, Darshan Purwa, Kanpur, Uttar Pradesh - 208012	
Nature of business	Manufacturing of Hosiery Undergarments		Manufacturing and export of Hosiery garments		Project Phase	
Financial Year	FY14	FY15	FY14	FY15	FY14	FY15
Total Income	0.11	-	78.97	74.46	-	-
Net Profit	0.05	(0.11)	2.46	2.28	-	-
Net worth	69.27	69.16	41.92	44.20	1.34	1.34
Total Debt	-	-	-	-	-	-

Comments

- JKL has three other group companies namely Venus Knitwears Co. Private Limited (VKCPL), Frontline Exports Private Limited (FEPL) and Jet Knit Indclus Private Limited (JKIPL).
- However, VKCPL is not yet operational fully and its turnover has been negligible in the past three years and JKIPL is in the project phase and in the process of establishing unit in hosiery cluster at Chaubepur (Kanpur).
- FEPL is engaged into similar line of business i.e. knitted garment manufacturing. However there are no operational and financial linkages between FEPL and JKL.

Employee Profile

Particulars	Nos.
Skilled/ Semi-Skilled Employees (On payroll)	33
Semi-Skilled/Unskilled (Contractual)	31
Total Employees	64

Comment:

- The major decisions are taken by the MD and CEO Mr. Balram Narula and who is further supported by other directors and the second line of management.
- Further, the company has a strong human resource pool with qualified personnel consisting of Engineers, management and post graduates having relevant industry experience. However, the key decisions are taken by the management only.

BUSINESS PROFILE: OPERATIONS OVERVIEW

BUSINESS PROFILE ANALYSIS

JKL is engaged into manufacturing of cotton knitted garments which consist of vests, briefs, brassiere, panties, socks, t-shirts and casual wears for men, women and children.

OPERATIONS OVERVIEW

Nature of activity	Manufacturing
Industry segment	Textile
Products Offered	vests, briefs, brassiere, panties, socks, t-shirts and casual wears
Plant locations	1. 119/410-B-1 Darshanpurwa, Kanpur, Uttar Pradesh - 208012 Plot No. 16, Industrial Area, Sikandrabad - 203205 Uttar Pradesh 2. 26, Appachi Nagar, 3rd Street, Kongu Main Road, Tirupur, Tamilnadu - 640607
Area of the Plant	1. 3400 sq. yard 2. 3400 sq. yard
Ownership of Plant	1. Leased* 2. Rented#
Location advantage	Yes
Marketing Setup	Yes

* Ownership of the Plant belongs to promoters and it is leased out to JKL for the business purpose for 5 years.

#Premises of Plant 2 has been taken on rent basis from local individual.

Comments:

- JKL manufactures cotton knitted garments such as vests, briefs, brassiere, panties, socks, t-shirts and casual wears for men, women and children. The entire manufacturing process is divided into four major stages, which are
 - Yarn Knitting Process
 - Hosiery cloth Processing
 - Product Manufacturing Process
 - Post Manufacturing Process
- JKL has two fully integrated manufacturing units located in Kanpur and Tirupur. Details about installed capacity of both plants (process wise) are given below:-

Particulars	Knitting	Processing	Cutting, Stitching, Pressing and Packaging
Kanpur Plant (Uttar Pradesh)	26 Machines of 24 gauge – 5kg per hour 15 Machines of 26 gauge – 5kg per hour	6 Machines – 500 kg per Day	On job work basis

Tirupur Plant Tamilnadu.	On job work basis	3 Machines – 360 kg per Day 1 Machines – 120 kg per Day	On job work basis
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- JKL doesn't have marketing tie up with any retail chain operator; it has its internal marketing and sales department and sells its products to local distributors and retailers however, the company does not have any long term contracts with any of the distributor or dealers and suppliers.

Product-wise revenue analysis
(Rs. Lakh)

Particulars	FY13	FY14	FY15
A) Vests	1608.96	1703.52	1752.74
<i>% y-o-y growth</i>	NA	5.88	2.89
% contribution to sales	43.14	44.49	46.97
B) Briefs	1234.82	1263.80	1057.60
<i>% y-o-y growth</i>	NA	2.35	-16.32
% contribution to sales	33.10	33.00	28.34
C) Brassieres	210.11	203.03	180.51
<i>% y-o-y growth</i>	NA	-3.37	-11.09
% contribution to sales	5.63	5.30	4.84
D) Panties	309.25	333.50	379.11
<i>% y-o-y growth</i>	NA	7.84	13.68
% contribution to sales	8.29	8.71	10.16
E) Socks	37.80	32.57	25.77
<i>% y-o-y growth</i>	NA	-13.84	-20.88
% contribution to sales	1.01	0.85	0.69
F) T-shirts	73.82	167.36	128.30
<i>% y-o-y growth</i>	NA	126.72	-23.34
% contribution to sales	1.98	4.37	3.44
G) Casual Wears	76.50	145.17	207.80

<i>% y-o-y growth</i>	NA	89.77	43.14
% contribution to sales	2.05	3.79	5.57
H) Gross Sales (A+B+C+D+E+F+G)	3551.27	3848.95	3731.83
<i>% y-o-y growth</i>	22.44	8.38	-3.04
A. Domestic Sales	3,534.38	3,829.38	3,731.83
<i>% y-o-y growth</i>	99.52	99.49	100.00
% of sales	3,534.38	3,829.38	3,731.83
B. Export Sales	16.89	19.57	0.00
<i>% y-o-y growth</i>	-40.78	15.87	-100.00
% of sales	0.48	0.51	0.00
Add: Other operating income	-	2.15	0.62
Total Operating Income	3,551.27	3,851.09	3,732.45
<i>% y-o-y growth</i>	22.44	8.44	-3.08

Comments:

- JKL products mainly consist of vests, briefs, brassiere, panties, socks, t-shirts and casual wears for men, women and children.
- JKL is the leading producer of cotton knitted garment in north region and expects greater demand for the same in the coming years. JKL majorly sells its products into domestic market (about 99 %), the company did not earned any revenue through export sale during FY15, however it was minuscule during FY13 and FY14 (less than 1%)
- JKL is also setting up a manufacturing unit at Kanpur (Uttar Pradesh) to manufacture hosiery garments such as t-shirts, Bermuda, slips and lowers and it expects strong demand for the same in coming years.
- JKL sells its products with its own brand names i.e. Jet, Lycot Australia, Take- off, Fresh-long, Jet Eco and Boski, however, brand name wise sales details are not furnished by the management.

PROJECT DETAILS

JKL is planning to set up a manufacturing unit at Kanpur (Uttar Pradesh) to manufacture value added hosiery garments such as t-shirts, Bermuda, slips and lowers. The overall estimated project cost is Rs.433.61 Lakh, which it will be funding through IPO proceeds (not yet issued). The company has already acquired land in Kanpur to construct the plant, however, no construction work of factory or building and other project work have been started yet as the whole project is going to be financed through IPO proceeds which is yet to be issued.

Further, JKL has transferred its bank facilities (Cash Credit and Term loan) from State bank of India to Axis Bank in November, 2015. JKL has also enhanced its cash credit facility from 8.00 crore to 11.00 crore with Axis Bank to support its additional working capital requirement and the same has been started availing by company from January, 2016.

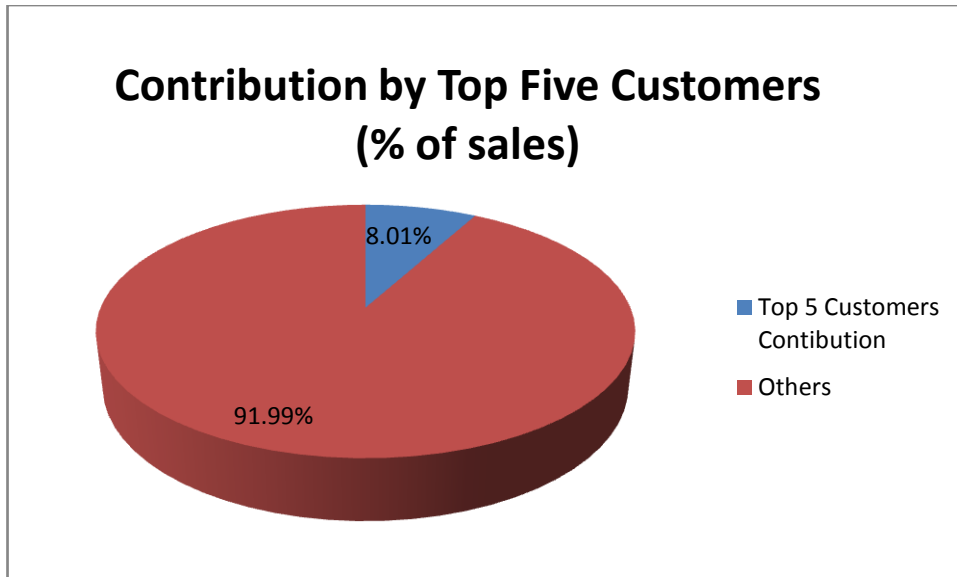
The detailed cost of project and funding pattern are as follows:

Purpose	Estimated Cost (Rs. Lakh)	Incurred as on November 30, 2015	Means of Finance	Amount (Rs. Lakh)	Incurred as of November 30, 2015
Land	Owned	-	IPO Proceeds	433.61	-
Construction of Building	241.68	-			
Plant & Machinery	203.02	-			
Contingencies and Misc. Equipments	15.91	-			
Total Project Cost	433.61	-	Means of Finance (Project)	433.61	-
Issue Expenses	43.00	-	IPO Proceeds	43.00	
Working capital Margin	223.89		IPO Proceeds	223.89	
Total	700.50	-	Total	700.50	-

CUSTOMERS & SUPPLIERS ANALYSIS

CUSTOMER’S PROFILE

JKL sells its products to local wholesalers and retailers however; the company does not have any long term contracts with any of the wholesalers and retailers.



Wholesaler/Retailer

- JKL has strong distribution network as it has its own retail outlets in 8 cities (Lucknow, Allahabad, Meerut, Jagdishpur, Shikohabad, Gopiganj, Delhi and Dehradun). JKL has been associated with more than 300 wholesalers and 5000 retailers across 7 states of India including U.P., Haryana, Bihar, Rajasthan, Punjab, Uttarakhand, Delhi since inception of the company.
- JKL generates about 75% of its total revenue with sales to retailers and 25% from wholesalers. Furthermore, the company has been dealing with many of its wholesalers and retailers for over a decade.

CUSTOMERS FEEDBACK

Name of Customer	Karan Handloom
Contact person	Mr. Niraj Gupta
Contact details	9415035084
Feedback	Satisfactory

Name of Customer	Foot Looks
Contact person	Mr. Puneet Kapur, Proprietor
Contact details	9839191717
Feedback	Satisfactory

Name of Customer	Jet Depot
Contact person	Mr Girish Nigam
Contact details	9935229939
Feedback	Satisfactory

SUPPLIERS' PROFILE

JKL's primary raw material is hosiery yarn which it procures from various local spinning mills operate in Coimbatore (Tamilnadu) and Kanpur (Uttarpradesh).

Supplier Feedback

Name of Customer	Chokhani Enterprises
Contact person	Mr. Chokhani
Contact details	9839068373
Feedback	Satisfactory

Name of Customer	Jayanti Traders/Textiles
Contact person	Mr. Umesh Daruka
Contact details	9415024388
Feedback	Satisfactory

Name of Customer	Pawan Trading Company
Contact person	Mr. Pawan Khemka
Contact details	0512-2314485
Feedback	Satisfactory

BUSINESS ACTIVITY DETAILS

Key Raw materials	Yarn
Level of Raw Material Price fluctuation risk	Moderate
Quality Certifications	NA
Level of value addition	Moderate

SUPPLY SIDE ANALYSIS

Average Creditor Days	30 days
Raw Material Availability	Adequate
Import as a % of RM Purchase	Nil

Comments:

- The raw materials are adequately available in the domestic market; JKL procures raw material i.e yarn from local market, however JKL has not signed any contract or agreement with any suppliers.

INDUSTRY ANALYSIS

Name of the industry	Textile
Product portfolio	Vests, Briefs, Brassiere, Panties, Socks, T-shirts and Casual wears (for men, women and children)
Overall Industry risk	Moderate
Level of competition	High

INDUSTRY WRITE-UP:
Background

India is the one of the world's largest producers of textiles and garments. Abundant availability of raw materials such as cotton, wool, silk and jute as well as skilled workforce have made the country a sourcing hub. It is the world's second largest producer of textiles and garments. The Indian textiles industry accounts for about 24% of the world's spindle capacity and eight per cent of global rotor capacity. The potential size of the Indian textiles and apparel industry is expected to reach US\$ 223 billion by 2021.

The textiles industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14% to industrial production, 4% to the gross domestic product (GDP), and 27% to the country's foreign exchange inflows. It provides direct employment to over 45 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of India's economy.

Various Categories

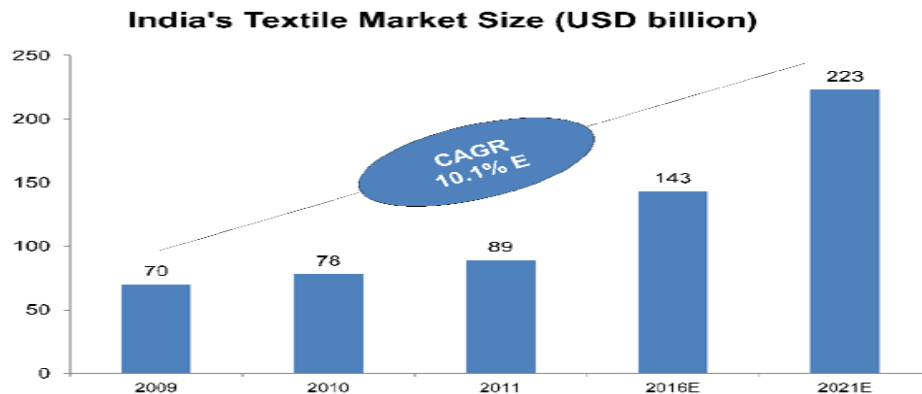
Indian textile industry can be divided into several segments, some of which can be listed as below:

- *Cotton – Second largest cotton and cellulosic fibres producing country in the world.*
- *Silk – India is the second largest producer of silk and contributes about 18% to the total world raw silk production.*
- *Wool –India has 3rd largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers.*
- *Man-Made Fibres- the fourth largest in synthetic fibres/yarns globally.*
- *Jute – India is the largest producer and second largest exporter of the jute goods.*

Market Size

The Indian textiles industry, currently estimated at around US \$108 billion, is expected to reach US \$ 141 billion by 2021. The industry is the second largest employer after agriculture, providing direct

employment to over 45 million and 60 million people indirectly. The Indian Textile Industry contributes approximately 5% to GDP, and 14% to overall Index of Industrial Production (IIP).



The Indian textile industry has the potential to grow five-fold over the next ten years to touch US\$ 500 billion mark on the back of growing demand for polyester fabric. The US\$ 500 billion market figure consists of domestic sales of US\$ 315 billion and exports of US\$ 185 billion. The current industry size comprises domestic market of US\$ 68 billion and exports of US\$ 40 billion.

Apparel exports from India have registered a growth of 17.6% in the period April - September 2014 over the same period in the previous financial year.

Overview of the Indian Innerwear industry

Hosiery industry is an ancient industry in the field of textile industry having very good potential in domestic market and also in the export market. There is increasing market demand for hosiery undergarments for its various advantages. Cotton undergarments are widely used by all classes of people because of its good absorbency, cheaper prices and ready availability. These foundation garments are used by the people throughout the year under different climatic conditions. It is presumed that there will be no problem in marketing of knitted undergarments of good quality.

India is one of the most attractive retail targets globally and represents a huge untapped market for lingerie. The term lingerie is mainly used for fashionable and alluring undergarments. Novelty, an evolving fashion industry, and growing need for comfort have resulted in increased demand for lingerie across geographies. The concept of online lingerie stores has enhanced the growth prospects of the lingerie market as it offers a wide range of international and private labels on a single platform.

A significant number of manufacturers without any foreign tie-ups / collaboration have been quite successful in the Indian market. The manufacturers in this category are spread all over India. Several such companies have huge production infrastructure. The production plants are more than one and in some cases are operating from different locations in the same state and also from other states. Large

percentage of this category of manufacturers is using various types of raw materials, automated and also semi-automatic machinery, quality accessories and adheres to BIS specifications. These branded products are sold both in the domestic market and are exported to various destinations the world over. These products are positioned in the low / economy priced segment.

The medium segment comprises of large number of players. Maxwell Industries Ltd, Rupa & Co ltd, Pawan Hosiery Ltd, Biswanath Hosiery Mills Ltd, HP Cotton Mills Ltd are some of these manufacturers in this category. Several large Indian undergarment companies-limited or private limited are privileged to have better access to technical and marketing expertise as well as the benefits of brand licensing of the foreign company through foreign collaborations. The collaborations have helped them to position their branded products either in the premium or super premium product segments. International giant Triumph has taken the route of franchising rather than investing in their own outlets. The rationale of using this strategy is cost effective and faster way of retail net-works and increase the spread of product distribution.

Global vs Domestic Scenario

The global trade of textile and garments was approximately \$781 billion in 2013. This is almost 4.6 per cent of the trade of all commodities, which is estimated at approximately \$17 trillion. From 2008 to 2013, the global textile and garment trade has grown at a CAGR of 4 per cent.

The current global garment market is estimated at approximately \$1.15 trillion which form nearly 1.8 per cent of the world GDP. Almost 75% of this market is concentrated in Europe, USA, China and Japan. An analysis of per capita spend on garment in various countries shows a significant difference between numbers in developed and developing economies. Within the major markets, India has the lowest per capita spend on garment (\$37) which is only 3 per cent of the highest one viz. Australia (\$1,131).

The top five textile and garment exporting nations are China, India, Italy, Germany and Turkey. China is the single largest exporter with 39 per cent share while India stood at a distant second place with 5 per cent share.

The top five textile and garment importing nations are US, China, Germany, Japan and United Kingdom. USA is the largest importer with a share of 17 per cent of the total global trade. The Indian textile and garment industry has an important presence in the country's economy through its contribution to industrial output, employment generation, and the export earnings. It contributes almost 5% to the \$ 1.8 trillion Indian economy whereas its share in Indian exports stands at a significant 13 per cent. India is the second largest exporter of textile and garment goods with a global trade share of approximately 5 per cent.

The Indian domestic consumption of textile and garment is valued at US\$ 63 billion in 2013. Within this, garment retail has the highest share of 73 per cent contributing \$46 billion, technical textile contributes \$13 billion with a share of 21 per cent and home textiles contribute \$4 billion with a 6 per cent share.

In 2013, India became second largest exporter of textile & garment in the world surpassing Italy and Germany. India exported textile and garment goods worth \$40 billion, with a share of about 5 per cent of global textile and garment trade. In terms of value, Indian textile and garment exports is dominated by garment category which has a majority share of 40 per cent followed by yarn, fabrics, fibre, made-ups and other textiles including carpets, nonwovens, etc.

Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Sector Policy

- *Technology Upgradation Fund Scheme has infused investment of more than INR 2500 Billion in the industry. Support has been provided for modernisation and upgradation by providing credit at reduced rates and capital subsidies.*
- *Scheme for Integrated Textile Parks provides world class infrastructure to new textile units. To date, 57 Textile Parks have been sanctioned with an investment of INR 60 Billion. By 2017, 25 more Textile Parks are to be sanctioned.*
- *Integrated Processing Development Scheme for sanctioning processing parks has been initiated. INR 5 Billion has been earmarked for this scheme.*
- *Integrated Skill Development Scheme has provided training to 1.5 Million people to cover all sub-sectors of textiles such as Textile and Apparel, Handicrafts, Handlooms, Jute and Sericulture.*

Key Provisions of Budget 2014-15:

- *Allocation of INR 500 Million towards the setting up of a trade facilitation centre and a crafts museum to develop and promote handloom products and carry forward the rich tradition of the handlooms of Varanasi.*
- *Allocation of INR 2000 Million towards the proposed setting up of mega textile clusters at Bareilly, Lucknow, Surat, Kutch, Bhagalpur and Mysore and one in Tamil Nadu.*

- *Allocation of INR 300 Million towards the setting up of Hastkala Academy for the preservation, revival and documentation of the handloom/handicraft sector in PPP mode in Delhi.*
- *Allocation of INR 500 Million towards the setting up of Pashmina Promotion Programme (P-3) and a programme for the development of other crafts of Jammu & Kashmir.*
- *The duty-free entitlement for import of trimmings and embellishments used by the readymade textile garment sector for manufacture of garments for exports is being increased from 3% to 5%.*
- *Non-fusible embroidery motifs or prints are being included in the list of items eligible to be imported duty-free for manufacture of garments for exports.*
- *The list of specified goods required by handicraft manufacturer-exporters is being expanded by including wire rolls so as to provide customs duty exemption on import by handicrafts manufacturer-exporters.*
- *Fusible embroidery motifs or prints, anti-theft devices, pin bullets for packing, plastic tag bullets, metal tabs, bows, ring and slider hand rings are being included in the list of items*

Source: www.cci.in, www.ibef.org.

SITE VISIT REPORT Manufacturing facility

Location of Plant	119/410-B-1 Darshanpurwa, Kanpur, Uttar Pradesh - 208012
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Sites visited	119/410-B-1 Darshanpurwa, Kanpur, Uttar Pradesh - 208012
Presence in a cluster	Yes
Area of the unit	3400 Sq Yard
No. of employees at site	43
Ownership of premises	Owned
Other facilities	Boundary wall, Sign boards, fire extinguisher, Stock yard.

Adequacy of Warehousing Facilities

Availability of land for future expansion	Adequate
Site layout	Structured
Adequacy of insurance coverage	Yes
Source of power	Uttar Pradesh Power Corporation Limited
Adequacy of power	Good
Presence of labour union	No
Industrial relations	Good
Level of work safety	Adequate
Adequacy of storage facilities	Adequate
Operational status of plants	Operational

Comment :

JKL has two fully integrated manufacturing units located in Kanpur and Tirupur. The company doesn't have product wise production process as they follow various processes i.e. knitting, processing, cutting, stitching, pressing and packaging. However the plants were utilized at around 50% during FY15.

Details about installed capacity of both plants (process wise) are given below:-

Particulars	Knitting	Processing	Cutting, Stitching, Pressing and Packaging
Kanpur Plant (Uttar Pradesh)	26 Machines of 24 gauge – 5kg per hour 15 Machines of 26 gauge – 5kg per hour	6 Machines – 500 kg per Day	On job work basis
Tirupur Plant (Tamilnadu)	On job work basis	3 Machines – 360 kg per Day 1 Machines – 120 kg per Day	On job work basis

FINANCIAL PERFORMANCE - PROFITABILITY STATEMENT
Rs. In Lakh

Period Ends on: March 31,	2011	2012	2013	2014	2015
Result Type:	Actual	Actual	Actual	Actual	Actual
Number of months in current financial year	12	12	12	12	12
Net Sales	2,996.09	2,900.40	3,551.27	3,848.95	3,731.83
Other Income(related to operations)#	3.02	-	-	2.15	0.62
Total Operating Income	2,999.12	2,900.40	3,551.27	3,851.09	3,732.45
Material Costs	2,198.33	1,988.69	2,557.60	2,447.98	2,514.96
Costs of traded goods sold	-	-	-	-	-
[Accretion] : Decretion to Finished Goods Stock	-120.75	-183.16	-156.12	174.51	-81.47
Consumable Stores	-	-	-	-	-
Power and Fuel	6.03	15.83	20.83	25.94	24.27
Employee Costs	44.83	44.83	73.20	76.72	87.86
Other Manufacturing Expenses	511.85	544.43	535.50	541.43	565.80
Other Expenses	77.18	100.43	136.05	151.62	180.93
Selling Expenses	135.36	209.25	193.24	228.06	194.48
Miscellaneous Expenses Written off	-	-	-	-	-
Cost of Sales	2,852.83	2,720.30	3,360.29	3,646.25	3,487.54
PBILDIT	146.29	180.09	190.98	204.84	244.91
Depreciation	32.42	40.57	45.97	45.68	56.28
PBIT	113.87	139.52	145.01	159.16	188.64
Interest and Finance Charges	92.17	120.16	128.70	129.29	133.17
Operating Profit Before Tax (OPBT)	21.70	19.36	16.31	29.87	55.47
Operating Profit After Tax (OPAT)	14.15	13.55	13.00	20.28	42.11
Non-Operating Income / (Expense)	-	2.81	10.68	0.16	0.15
Profit Before Tax (PBT)	21.70	22.17	26.99	30.03	55.62
Cash Adjustments	-0.14	-	-	-3.36	-3.23
Adjusted Profit Before Tax (APBT)	21.56	22.17	26.99	26.66	52.38
Tax	4.30	4.90	6.15	9.20	15.45
Provision for Deferred Tax	3.20	1.76	-0.67	-0.64	-2.84
ADJUSTED PROFIT AFTER TAX (APAT)	14.06	15.51	21.52	18.10	39.77
Gross Cash Accruals	49.68	57.85	66.82	63.14	93.91

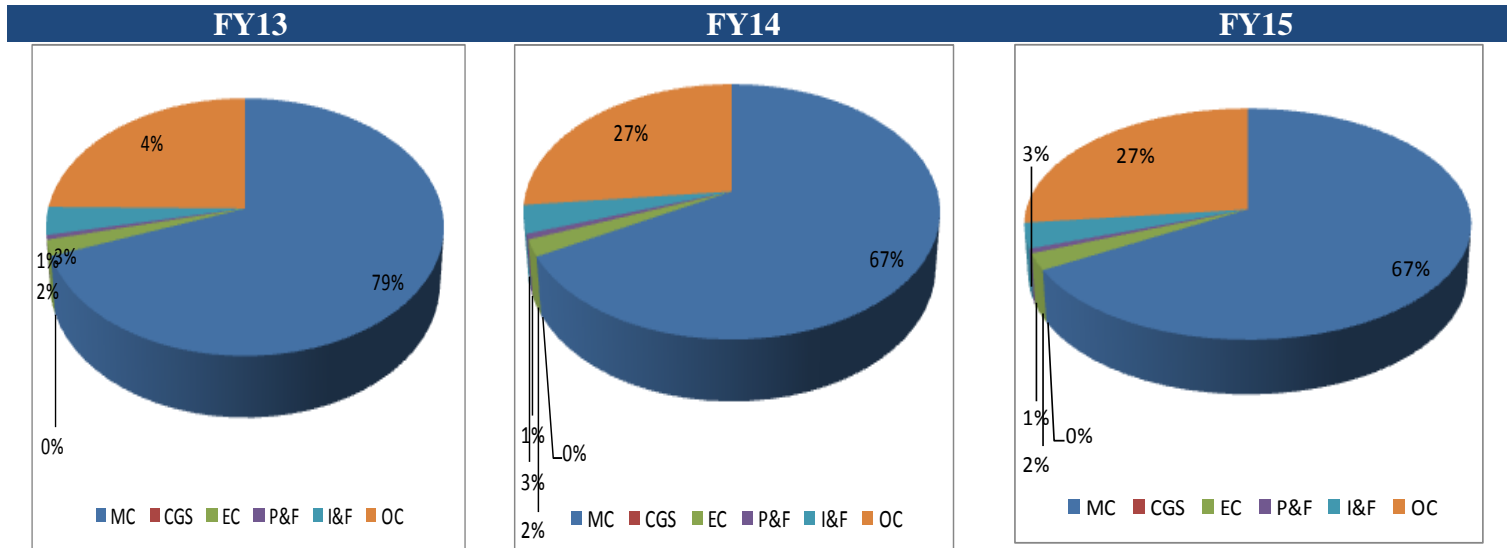
#other income consists of interest income received and other miscellaneous receipts

Comments:
Revenue analysis
Rs. In Lakh

Parameters	FY11	FY12	FY13	FY14	FY15	CAGR (%) (FY11-FY15)
Net Sales	2996.09	2900.4	3551.27	3848.95	3731.83	-75.09%
<i>% y-o-y growth</i>	<i>NM</i>	-3.19%	22.44%	8.38%	-3.04%	-
Other Income (related to operations)	3.02	0	0	2.15	0.62	NM
<i>% y-o-y growth</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	-
Total Operating Income	2999.12	2900.4	3551.27	3851.09	3732.45	-71.47%
<i>% y-o-y growth</i>	<i>NM</i>	-3.29%	22.44%	8.44%	-3.08%	-

- JKL's total operating income (TOI) consists of sales of cotton knitted garments such as vests, briefs, brassiere, panties, socks, t-shirts and casual wears (for men, women and children) to its domestic clientele consisting wholesalers and retails across the country.
- Although, net sales of the company grew from Rs. 2996.09 lakh in FY11 to Rs. 3731.83 lakh in FY15, but recently it decreased by 3.04 % to Rs.3731.83 Lakh during FY15 as compared to Rs. 3848.95 lakh in FY14 due sluggish market conditions.
- Other income includes interest income (Rs. 0.61 Lakh in FY15) and other miscellaneous receipts (Rs. 0.16 Lakh during FY15).

FINANCIAL PERFORMANCE - COST STRUCTURE



MC = Material cost; CGS = Cost of goods sold; EC = Employee cost; P&F = Power and fuel; I&F = Interest and finance charges; OC = other cost (including depreciation);

Comments:

Material costs constituted the highest pie in the cost structure during FY13 to FY15. While employee costs increased from Rs.73.20 Lakh in FY13 to Rs.87.86 Lakh in FY15, the power and fuel costs increased from Rs.20.83 Lakh in FY13 to Rs.24.27 Lakh in FY15. Fixed capital charges (depreciation and finance costs) covered 4.24 portions of the total costs for FY15.

Material cost analysis

Parameters	FY11	FY12	FY13	FY14	FY15
Material cost (Rs. lakh)	2198.33	1988.69	2557.6	2447.98	2514.96
% y-o-y growth	NM	-9.54%	28.61%	-4.29%	2.74%
As % of TOI	73.30%	68.57%	72.02%	63.57%	67.38%
As % to cost of sales	77.06%	73.11%	76.11%	67.14%	72.11%

- JKL being engaged into manufacturing of cotton knitted garments such as vests, briefs, brassiere, panties, socks, t-shirts and casual wears, material costs is the largest cost component of the company. JKL procures raw material (i.e. hosiery yarn) from various spinning mills operates in Coimbatore (Tamilnadu) and Kanpur (Uttarpradesh). Material costs as a % of TOI decreased from 72.02% in FY13 to 63.57% in FY14 and surged

marginally to 67.38% in FY15, on account of increasing price competition and volatile nature of cotton prices.

Power & fuel cost

Parameters	FY11	FY12	FY13	FY14	FY15
Power & fuel cost (Rs. lakh)	6.03	15.83	20.83	25.94	24.27
% <i>y-o-y growth</i>	NM	162.52%	31.59%	24.53%	-6.44%
As % of TOI	0.20%	0.55%	0.59%	0.67%	0.65%
As % to cost of sales	0.21%	0.58%	0.62%	0.71%	0.70%

- Power and fuel (P&F) costs remained in the range of 0.20% to 0.65% of TOI and 0.21% to 0.70% of total cost of sales during the past five years ending March 31, 2015.

Employee cost

Parameters	FY11	FY12	FY13	FY14	FY15
Employee cost (Rs. lakh)	44.83	44.83	73.2	76.72	87.86
% <i>y-o-y growth</i>	NM	0.00%	63.28%	4.81%	14.52%
As % to total operating income	1.49%	1.55%	2.06%	1.99%	2.35%
As % to cost of sales	1.57%	1.65%	2.18%	2.10%	2.52%

- JKL employs considerable number of manpower for overlooking operations at its two manufacturing facilities and also qualified personnel for managing administrative, marketing, logistics and accounts and finance. The total number of employees with the company stood at 64 as on December 31, 2015.

Other operating cost items

Parameters	FY11	FY12	FY13	FY14	FY15
Selling Expenses (Rs. lakh)	135.36	209.25	193.24	228.06	194.48
% y-o-y	NM	54.59%	-7.65%	18.02%	-14.72%
% of TOI	4.51%	7.21%	5.44%	5.92%	5.21%
% of cost of sales	4.74%	7.69%	5.75%	6.25%	5.58%
Other Manufacturing Expenses (Rs. lakh)	511.85	544.43	535.50	541.43	565.80
% y-o-y	NM	6.37%	-1.64%	1.11%	4.50%
% of TOI	17.07%	18.77%	15.08%	14.06%	15.16%
% of cost of sales	17.94%	20.01%	15.94%	14.85%	16.22%
Other operating Expenses (Rs. lakh)	77.18	100.43	136.05	151.62	180.93
% y-o-y	NM	30.12%	35.47%	11.44%	19.33%
% of TOI	2.57%	3.46%	3.83%	3.94%	4.85%
% of cost of sales	2.71%	3.69%	4.05%	4.16%	5.19%

- Selling expenses remained in the range of 4.51% to 7.21% of TOI during FY11 to FY15 comprising primarily of freight and cartage outward expenses, Discount and brokerage paid and commission paid to selling agents.
- During FY11 to FY15, other manufacturing expense remained relatively higher in the range of 14.06% to 18.77% of TOI due to significant part of manufacturing process is being done on job work basis. It also comprised of insurance and annual maintenance expenses of machines and delivery vehicles.
- Other operating expenses (include Telephone and stationery expenses, travelling and conveyance expenses, legal and professional consultation expenses and Directors and auditors remunerations) kept increasing marginally from FY11 to FY15. It increased from 4.05% in FY13 to 5.19% in FY15 as a percent of TOI.

Depreciation

Parameters	FY11	FY12	FY13	FY14	FY15
Depreciation (Rs. lakh)	32.42	40.57	45.97	45.68	56.28
% y-o-y growth	NM	25.14%	13.31%	-0.63%	23.20%
As % of total operating income	1.08%	1.40%	1.29%	1.19%	1.51%
Depreciation rate (% of average gross block)	10.69	5.73	5.41	4.74	5.17

- Depreciation expense increased from Rs.45.97 Lakh in FY14 to Rs.56.28 Lakh in FY15 mainly due to additions to plant and machinery, installation of electronics equipment, computer, cooler, boiler, printer, furniture and vehicles.
- The company has charged depreciation based on the revised remaining useful life of assets as per the requirements of schedule II to the companies act, 2013 and addition or deletion to fixed asset during the year is being depreciated on pro-rata basis with respect to the period of use.

Interest and finance charges

Parameters	FY11	FY12	FY13	FY14	FY15
Interest and Finance Charges (Rs. lakh)	92.17	120.16	128.7	129.29	133.17
% y-o-y growth	NM	30.37%	7.11%	0.46%	3.00%
As % of TOI	3.07%	4.14%	3.62%	3.36%	3.57%

- The total interest and finance charges have increased slightly from Rs.129.29 Lakh in FY14 to Rs.133.17 Lakh in FY15 mainly due to increase in interest on cash credit and other interest expenses during FY15.

FINANCIAL PERFORMANCE - BALANCE SHEET:ASSETS
(Rs. In Lakh)

Period Ends on: March 31,	2011	2012	2013	2014	2015
Result Type:	Actual	Actual	Actual	Actual	Actual
Gross Block	303.21	404.75	444.95	518.29	570.89
Accumulated Depreciation	-129.45	-167.27	-213.24	-258.92	-315.20
Net Block	173.76	237.48	231.71	259.37	255.69
NET FIXED ASSETS	173.76	237.48	231.71	259.37	255.69
Other Investments	-	-	-	-	-
TOTAL INVESTMENTS :net of provision	-	-	-	-	-
Raw and Packing Materials	22.73	27.85	19.38	16.23	20.93
Work In Process	202.97	305.97	176.31	144.38	213.57
Finished Goods	272.51	455.67	611.80	437.29	518.76
Stores and Spares	1.18	-	-	-	0.97
TOTAL INVENTORIES	499.40	789.49	807.48	597.90	754.23
Receivables : More than 6 months	18.27	17.90	18.19	18.21	15.93
Receivables : Less than 6 months	552.66	408.64	522.13	705.21	822.18
TOTAL RECEIVABLES	570.93	426.54	540.32	723.42	838.11
Current Loans; Advances; current assets related to operations	48.29	-	106.64	94.83	96.01
Cash and Bank Balances	35.04	29.89	41.85	118.28	68.33
Advance Tax Paid	21.02	-	6.15	9.25	12.51
TOTAL OTHER CURRENT ASSETS	104.35	29.89	154.64	215.88	169.82
TOTAL CURRENT ASSETS related to operations	1,174.68	1,245.92	1,502.44	1,544.13	1,769.65
TOTAL ASSETS	1,348.44	1,577.15	1,734.15	1,803.50	2,025.34

Comments:
Fixed assets
Composition of net fixed assets

- JKL's fixed assets primarily comprise of plant & machineries, buildings, vehicles, Furniture and fixtures and office equipment.
- During FY15, the company made additions to its fixed asset amounting to Rs. 52.62 lakh (Rs. 79.41 lakh during FY14), which majorly comprised plant and machinery worth Rs. 14.45 lakh, computer worth Rs. 2.25 lakh, boiler worth Rs. 3.62, vehicles worth Rs. 1.11 lakh and others

Inventories

Parameters: As on March 31,	2011	2012	2013	2014	2015
Raw and Packing Materials (Rs. lakh)	22.73	27.85	19.38	16.23	20.93
<i>Average Raw Material Inventory Period (days)</i>	0	5	3	3	3
Work in Progress	202.97	305.97	176.31	144.38	213.57
<i>Average WIP Inventory Period</i>	0	36	27	17	20
Finished Goods (Rs. lakh)	272.51	455.67	611.8	437.29	518.76
<i>Average Finished Goods Inventory Period (days)</i>	0	52	61	55	52
Stores and Spares (Rs. lakh)	1.18	0	0	0	0.97
Total inventories (Rs. lakh)	499.4	789.49	807.48	597.9	754.23
<i>Average Inventory Period (days)</i>	0	92	91	74	74
Total inventory as % of total assets	37.04%	50.06%	46.56%	33.15%	37.24%

- Total inventory primarily comprises of finished goods inventory (~69% of total inventory as on March 31, 2015), WIP inventory (~28% of total inventory), raw material inventory (~3% of total inventory), and stores and spares (~0.1% of total inventory).
- JKL manufactures cotton knitted garments such as vests, briefs, brassiere, panties, socks, t-shirts and casual wears for men, women and children. The company maintains sufficient finished goods inventory for the products to meet demands from distributors, wholesalers and retailers.

Sundry debtors

Parameters: As on March 31,	2011	2012	2013	2014	2015
Total Receivables (Rs. lakh)	570.93	426.54	540.32	723.42	838.11
<i>Average Collection Period (days)</i>	0	57	46	59	75
<i>As % of net sales</i>	19.06%	14.71%	15.21%	18.80%	22.46%
<i>As % of total assets</i>	42.34%	27.04%	31.16%	40.11%	41.38%

- JKL's total receivables outstanding as on March 31, 2015 consist primarily of dues receivable from distributors/wholesalers that are offered a credit period of 40-75 days and further supported by post-dated cheque. During FY11 to FY15, collection period remained in the range of 46 days to 75 days.

Ageing analysis of debtors
(Rs. Lakh)

Particulars	Less than 6 months	More than 6 months	Total
Debtors as on March 31, 2015	822.18	15.93	838.11
Debtors as on March 31, 2014	705.21	18.21	723.42
Debtors as on March 31, 2013	522.13	18.19	540.32
Debtors as on March 31, 2012	408.65	17.90	426.54
Debtors as on March 31, 2011	552.66	18.27	570.93

- For the past 5 balance sheet dates ending March 31, 2015 most of the debtor receivables (around 98 %) are due for less than 6 months, however; a detailed debtor ageing schedule was requested by CARE however JKL haven't submitted the same.

Other current assets
(Rs. Lakh)

Parameters: As on March 31,	2011	2012	2013	2014	2015
Other current assets	104.35	29.89	154.64	215.88	169.82
As % of total assets	7.74%	1.90%	8.92%	11.97%	8.38%
Advance tax paid	21.02	0	6.15	9.25	12.51
Income tax	-	-	-	-	-
TDS	-	-	-	-	-
Cash & bank balances	35.04	29.89	41.85	118.28	68.33
<i>Cash on hand</i>	26.17	23.37	38.60	98.17	48.79
<i>Balances with banks in current accounts</i>	8.87	6.52	3.25	20.11	19.54

- Other operating current assets mainly comprise of prepaid expenses, security deposits, advances taken by staff, income tax paid in advance and loans and advances which are paid to suppliers for purchasing raw materials.
- Cash and bank balance have increased significantly during FY14 to Rs. 118.28 lakh from Rs. 41.85 lakh in FY13, later on during FY15, it declined to Rs. 68.33 lakh.

FINANCIAL PERFORMANCE - BALANCE SHEET: LIABILITIES
Rs. In Lakh

Period Ends on: March 31	2011	2012	2013	2014	2015
Result Type:	Actual	Actual	Actual	Actual	Actual
Total Paid Up Equity Share Capital	166.90	166.90	166.90	166.90	300.02
GROSS RESERVES	58.16	73.67	95.19	113.29	352.74
Intangible Assets	-	-	-	-	-
NET RESERVES	58.16	73.67	95.19	113.29	346.42
TANGIBLE NET WORTH	225.06	240.57	262.09	280.19	646.44
Interest Free Loans	-	-	-	-	-
Rupee Term Loans	25.50	41.65	25.46	52.13	44.08
Other Long Term Loans	34.21	23.94	19.74	29.87	31.43
Loans and advances from promoters related parties	187.42	-	-	-	-
TOTAL LONG TERM DEBT	247.14	65.59	45.19	82.01	75.51
Less: Current portion of long term debt	-	-	-	-	-
NET LONG TERM DEBT	247.14	65.59	45.19	82.01	75.51
Working capital Bank Borrowings	666.03	711.88	772.43	811.04	773.87
Current portion of long term debt	-	-	-	-	-
Loans & Advances from promoters ;other affiliated cos.	0.00	218.87	276.67	302.28	104.81
Short term loans	0.00	23.69	24.12	24.70	25.18
TOTAL SHORT TERM DEBT	666.03	954.43	1,073.22	1,138.02	903.86
Creditors for goods	186.38	279.10	282.98	257.67	317.85
Advances; deposits recd from customers: related to ops.	3.79	11.45	41.39	13.01	46.03
Other Current Liabilities: related to ops.	10.60	14.21	16.90	17.82	17.45
TOTAL CURRENT LIABILITIES	200.78	304.76	341.28	288.50	381.33
Provision for Taxes	4.30	4.90	6.15	9.20	15.45
Other Provisions ; regular	-	-	-	-	-
Provision for dividend	-	-	-	-	-
TOTAL SHORT TERM PROVISIONS	4.30	4.90	6.15	9.20	15.45
TOTAL CURRENT LIABILITIES AND PROVISIONS; RELATED TO OPERATIONS	205.08	309.66	347.43	297.70	396.78
TOTAL OUTSIDE LIABILITIES	913.17	1,020.02	1,118.41	1,220.03	979.37
TOTAL LIABILITIES	1,348.44	1,577.15	1,734.15	1,803.50	2,025.34

Comments:
Equity share capital

- JKL has an authorized share capital of 65,00,000 equity shares (20,00,000 lakh during FY14) with nominal value of Rs.10/- each. It has an issued, subscribed and paid up capital of 3000200 equity shares of Rs. 10/- each fully paid up as on March 31, 2015.
- During FY15, promoters of JKL infused equity share capital into the business to the tune of Rs.133.12 Lakh by issuing 1331200 shares @ Rs.10/- each.

Long-term borrowings

- The long term borrowings of the company as on March 31, 2015 mainly comprise of term loan, business loan (FDR) and vehicle loan
- The total long term debt outstanding as on March 31, 2015 consists of term loans (worth Rs.44.07 Lakh), loan against fixed deposit (FDR) (worth Rs.25.16 Lakh) and vehicle loans (worth Rs.6.26 Lakh).

Short term borrowings

- Short term debt consists of cash credit facility having total sanctioned limit of Rs.800.00 Lakh (worth Rs.765.40 Lakh outstanding as on March 31, 2015) which are availed to meet the company's working capital requirements since considerable funds are being blocked in receivables and inventory.
- Short-term borrowings of Rs. 104.81 lakh outstanding as on March 31, 2015 comprised unsecured loan from promoters and existing shareholders.
- Total short term borrowings also include current portion of the long term debt which is payable within the next financial year.

Trade payable

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Trade payable (Rs. lakh)	186.38	279.1	282.98	257.67	317.85
Average Creditors Period (days)	NM	31	30.11	26.69	29.71
As % of total liabilities	13.82%	17.70%	16.32%	14.29%	15.69%

- JKL's trade payables outstanding as on March 31, 2015 include creditors for goods. The average creditor period stood at 30 days in FY15 (compared to 27 days in FY14) as JKL receives credit period of about 30 days from its suppliers.

Short term provision
(Rs. Lakh)

Parameters	March 2011	March 2012	March 2013	March 2014	March 2015
Total short term provisions	4.30	4.90	6.15	9.20	15.45
Provision for income tax	4.30	4.90	6.15	9.20	15.45
Other Provision	-	-	-	-	-
As % of total liabilities	0.32%	0.31%	0.35%	0.51%	0.76%

- Total short term provision mainly comprises provision for income tax (as on March 31, 2015).

Details of the related party transactions
(Rs. Lakh)

Sr. No.	Name of related Party	Nature of the Relationship	Nature of transaction	March 2011	March 2012	March 2013	March 2014	March 2015
1.	Late Bhushan Narula HUF	Director	Remuneration	3.24	2.43	-	-	-
			Office Rent	0.02	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	2.03	1.65	0.29	0.33	0.35
2.	Balram Kumar Narula HUF	Director	Remuneration	3.24	3.24	4.80	3.24	3.24
			Office Rent	0.02	0.02	0.02	0.02	0.02
			Share Capital	-	-	-	-	-
			Interest Received	1.52	1.73	1.97	2.46	2.64
3.	Rakesh Kumar Narula	Director	Remuneration	3.24	3.24	4.80	4.80	4.80
			Office Rent	0.05	0.05	0.05	0.05	0.05
			Share Capital	-	-	-	-	-
			Interest Received	1.19	1.35	1.73	2.06	2.21
4.	Anil Kumar Narula HUF	Director	Remuneration	3.24	3.24	4.80	4.80	4.80
			Office Rent	0.02	0.02	0.02	0.02	0.02
			Share Capital	-	-	-	-	-
			Interest Received	1.20	1.36	1.72	2.19	3.35
5.	Ankur Narula	Director	Remuneration	2.52	2.52	4.20	4.20	4.20
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-

			Interest Received	0.21	0.39	0.74	1.10	1.18
6.	Rohit Narula HUF	Director	Remuneration	2.52	2.52	4.20	4.20	4.20
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.21	0.39	0.75	1.08	1.16
7.	Smt. Kanchan Narula	Director	Remuneration	2.28	2.28	3.00	3.00	3.00
			Office Rent	-	0.02	0.02	0.02	0.02
			Share Capital	-	-	-	-	-
			Interest Received	1.45	1.65	1.88	2.72	2.91
8.	Smt. Usha Narula	Director	Remuneration	2.28	2.28	3.60	3.60	3.60
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.31	0.35	0.41	0.91	0.97
9.	Smt. Sandhya	Director	Remuneration	2.16	2.16	2.16	2.16	2.16
			Office Rent	-	0.05	0.05	0.05	0.05
			Share Capital	-	-	-	-	-
			Interest Received	3.45	1.63	1.85	1.87	1.88
10.	Smt. Jyoti Narula	Director	Remuneration	2.16	2.16	3.00	3.00	3.00
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.39	0.44	0.51	1.02	1.09
11.	Gaurav Narula HUF	Son of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	1.85	0.42	0.79	1.09	1.17
12.	Ms. Radhika Narula	Daughter of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.39	0.36	0.41	0.47	0.53
13.	Ms Ruchi Narula	Daughter of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.13	0.15	0.17	0.19	0.22
14.	Satish Narula HUF	Brother of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	1.41	1.77	2.20	2.50	2.67
15.	Mr. Saurabh Narula	Son of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-

			Share Capital	-	-	-	-	-
			Interest Received	1.32	1.40	1.79	1.99	2.14
16.	Mr. Sashi Sabbharwal	Son in law of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.06	0.07	0.08	0.09	0.11
17.	Smt. Geeta Narula	Wife of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.46	0.41	0.26	0.56	0.39
18.	Smt. Madhu Sabbharwal	Sister of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.91	1.02	1.15	1.31	1.49
19.	Smt. Meena Narula	Sister of Director brother	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.72	0.81	0.92	1.05	1.19
20.	Mr. Gaurav Narula	Son of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	-	1.92	2.18	2.18	1.22
21.	Mr. Vaibhav Narula	Son of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.98	1.01	1.14	1.30	1.39
22.	Mr. Prashant Narula	Son of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	-	-	-	-	0.84
23.	Smt. Shashi Prabha Taneja	Mother in law of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	2.21	4.27	4.85	-	0.85
24.	Smt. H.P. Taneja	Mother in law of Director	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	2.10	2.41	2.73	-	0.85
25.	Ms. Bulbul	Daughter of	Remuneration	-	-	-	-	-

	Narula	Director	Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	0.29	-	-	-	-
26.	Jet Knit Indclus Private Limited	Group company	Loan Given	3.31	3.45	2.75	-	-
			Loan Taken	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	-	-	-	-	-
27.	Venus Knitwears Co. Private Limited	Group company	Loan Given	2.64	2.30	1.15	0.56	22.18
			Loan Taken	2.35	1.00	25.52	-	-
			Share Capital	-	-	-	-	-
			Interest Received	-	-	-	-	-
28.	Frontline Exports Private Limited	Group company	Remuneration	-	-	-	-	-
			Office Rent	-	-	-	-	-
			Share Capital	-	-	-	-	-
			Interest Received	-	-	-	-	-

Dividend Policy

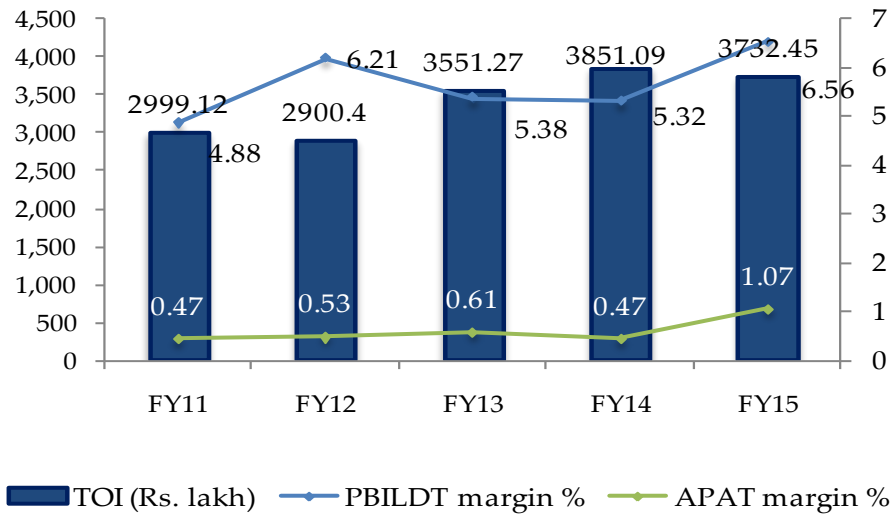
JKL does not have a formal dividend policy. The company has not declared any dividend during FY15.

FINANCIAL PERFORMANCE - SUMMARY OF RATIOS

Period Ends on: March 31,	2011	2012	2013	2014	2015
Result Type:	Actual	Actual	Actual	Actual	Actual
KEY FINANCIAL RATIOS					
Growth Ratios					
Growth in Net sales	NM	-3.19	22.44	8.38	-3.04
Growth in Total Operating Income	NM	-3.29	22.44	8.44	-3.08
Growth in PBILDT	NM	23.11	6.05	7.25	19.56
Growth in APAT	NM	10.30	38.70	-15.85	119.67
Profitability Ratios					
Gross Margin	30.66	42.20	35.91	31.86	34.79
PBILDT Margin	4.88	6.21	5.38	5.32	6.56
PBIT Margin	3.80	4.81	4.08	4.13	5.05
OPBT Margin	0.72	0.67	0.46	0.78	1.49
OPAT Margin	0.47	0.47	0.37	0.53	1.13
APAT Margin	0.47	0.53	0.61	0.47	1.07
Operating ROCE	NM	11.57	10.93	11.00	12.01
ROCE (Total)	NM	11.81	11.73	11.02	12.02
RONW	NM	6.66	8.56	6.68	8.58
Average Cost of Borrowings	NM	12.43	12.04	11.06	12.11
Turnover Ratios					
Operating Capital Turnover Ratio	NM	2.41	2.68	2.66	2.38
Fixed Assets Turnover Ratio	NM	8.19	8.36	8.00	6.85
Working Capital Turnover Ratio	NM	3.04	3.40	3.21	2.85
Average Raw Material Inventory Period	NM	4	3	2	2
Average WIP Inventory Period	NM	36	27	17	19
Average Finished Goods Inventory Period	NM	52	61	55	52
Average Inventory Period (days)	NM	92	91	74	74
Average Collection Period (days)	NM	57	46	59	75
Average Creditors Period (days)	NM	31	30	26	30
Working Capital Cycle (days)	NM	119	107	106	119
Solvency Ratios					
Debt Equity Ratio	1.10	0.27	0.17	0.29	0.12
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	4.06	4.24	4.27	4.35	1.52
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	4.06	4.24	4.27	4.35	1.52
Adjusted Debt Equity Ratio	1.10	0.27	0.17	0.29	0.12
Adjusted Overall Gearing	4.06	4.24	4.27	4.35	1.52
Term Debt (including CPLTD) / Gross Cash Accruals	4.97	1.13	0.68	1.30	0.80
Total Debt / Gross Cash Accruals	18.38	17.63	16.74	19.32	10.43
Interest Coverage (PBILDT / Interest)	1.59	1.50	1.48	1.58	1.84
PBIT / Interest	1.24	1.16	1.13	1.23	1.42
Adjusted Interest Coverage	1.59	1.50	1.48	1.58	1.84
Current Ratio	1.35	0.99	1.06	1.08	1.36
Quick Ratio	0.78	0.36	0.49	0.66	0.78

FINANCIAL PERFORMANCE – PROFITABILITY Analysis

Profitability Analysis

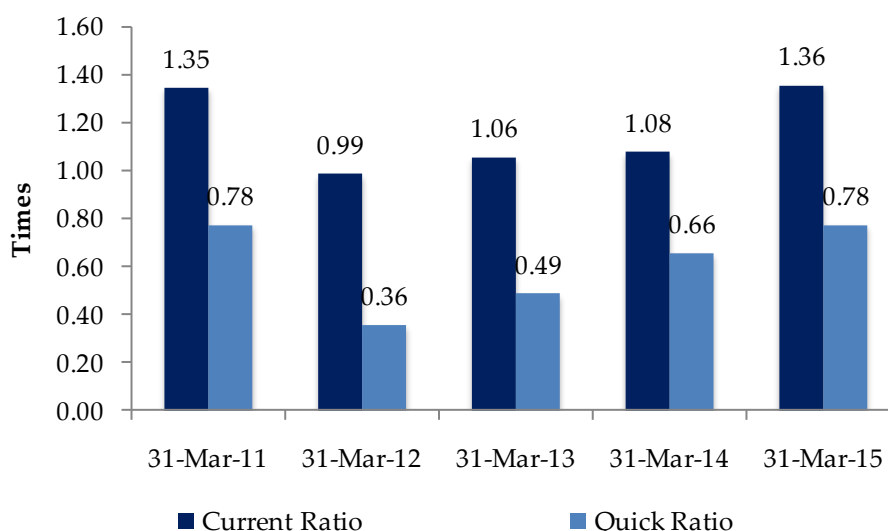


Comments:

- JKL is engaged into manufacturing of cotton knitted garments which consist of vests, briefs, brassiere, panties, socks, t-shirts and casual wears for men, women and children. TOI grew from Rs.2999.12 Lakh in FY11 to Rs.3732.45 Lakh in FY15 with increase in client base. (TOI declined during FY15 as compare to Rs. 3848.95 lakh in FY14 due to sluggish demand in the market)
- The PBILDT margins have witnessed a steady rise in the past five years (from 4.88% in FY11 to 6.56% in FY15) on account of higher sales realization.

Particulars	FY13	FY14	FY15
Total Sales (Rs. Lakh)	3730.05	3829.37	3731.83
Total Quantity sold (in lakh number)	116.12	113.67	104.19
Sales realization (Rs. Per unit)	32.12	33.69	35.82

- Furthermore, in-line with increase in TOI and PBILDT margins, PAT margin also surged from 0.47 % in FY11 to 1.07% in FY15.

FINANCIAL PERFORMANCE - LIQUIDITY ANALYSIS
Liquidity Analysis

Liquidity Ratio

Particulars	March 31, 2013	March 31, 2014	March 31, 2015
Working Capital Turnover Ratio	3.40	3.21	2.85
Average Raw Material Inventory Period	3	2	2
Average WIP Inventory Period	27	17	19
Average Finished Goods Inventory Period	61	55	52
Average Inventory Period (days)	91	74	74
Average Collection Period (days)	46	59	75
Average Creditors Period (days)	30	26	30
Working Capital Cycle (days)	107	106	119

Comments:

- JKL's liquidity position is marked by comfortable current ratio and moderate quick ratio and moderate level of utilization of its working capital limits. While the current ratio was at 1.36 times, its quick ratio remained low at 0.78 times as on March 31, 2015.
- The operations of JKL are working capital intensive in nature (with average utilization of ~85% of cash credit facility of Rs.800.00 Lakh from State Bank of India during the twelve months ending December 31, 2015) since considerable amount are blocked in inventory and receivables.
- The company procures raw materials (i.e. hosiery yarn) from various spinning mills operating in Coimbatore (Tamil Nadu) and Kanpur (Uttar Pradesh). Suppliers of raw

material offers credit period of up to 30 days to JKL. Further, the company manufactures a diversified product portfolio and maintains necessary inventory of finished goods to cater to demands of its customers coils. JKL offers its customers 30 to 60 days of credit. While cash flow from operating activities was positive, the unencumbered cash & bank balance was around Rs.61.29 lakh as on Mar 31, 2015.

- JKL is planning to raise Rs.700.50 Lakh through listing on NSE emerge platform. It plans to utilize proceeds of the issue (about 62%) to set up manufacturing plant at Kanpur and while remaining will be utilized to meet working capital requirements (margin) and to meet expenses of issue.
- Further, JKL has transferred its bank facilities (Cash Credit and Term loan) from State bank of India to Axis Bank in November, 2015 due to lower interest rates. JKL also enhanced its cash credit facility from 8.00 crore to 11.00 crore with Axis bank to support its additional working capital requirement and the same has been started availing by company from January, 2016.

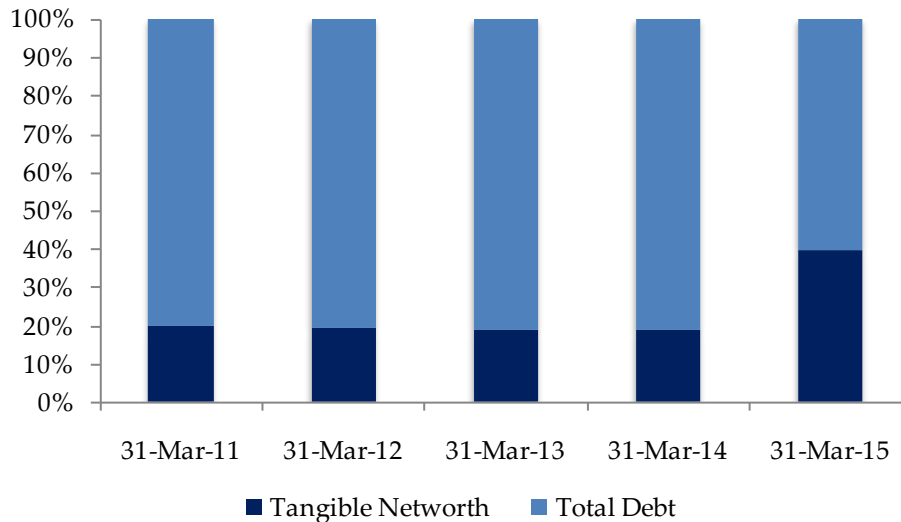
Average monthly fund-based (Cash Credit) working capital utilization level

Month	Sanctioned Limit (Rs. Lakh)	Maximum monthly utilization (Rs. Lakh)	Maximum monthly utilization (%)
	SBI	SBI	SBI
January 2015	800	685.88	85.74
February 2015	800	648.99	81.12
March 2015	800	767.45	95.93
April 2015	800	769.76	96.22
May 2015	800	782.79	97.85
June 2015	800	770.05	96.26
July 2015	800	792.79	99.10
August 2015	800	771.84	96.48
September 2015	800	786.96	98.37
October 2015	800	775.79	96.97
November 2015	800	758.85	94.86
December 2015	800	799.84	99.98

SBI – State Bank of India

FINANCIAL PERFORMANCE - FINANCIAL FLEXIBILITY

Capital Structure



Capital Structure Ratio

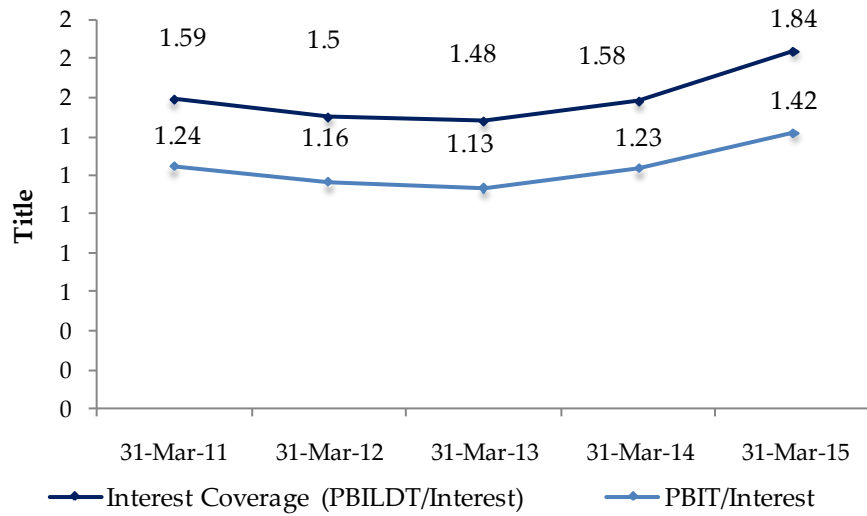
Particulars	Mar 31, 2013	Mar 31, 2014	Mar 31, 2015
Debt Equity Ratio	0.17	0.29	0.12
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	4.27	4.35	1.52
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	4.27	4.35	1.52
Adjusted Debt Equity Ratio	0.17	0.29	0.12
Adjusted Overall Gearing	4.27	4.35	1.52
Average Cost of Borrowings	12.04	11.06	12.11
Total Outside Liabilities to Networth	4.26	5.38	2.10

Comments:

The long term debt level seems to be comfortable marked by debt equity ratio of 0.12 times and overall gearing was moderate at 1.52 times as on March 31, 2015. Overall gearing has improved y-o-y in FY15 on account of infusion of equity share capital of Rs. 133.12 Lakh and accretion of profits to reserves. With moderate gearing level and comfortable creditor period of 30 days, total outside liabilities as compared to total net worth remained moderately high at 2.10 times as on March 31, 2015. However, total debt of Rs.979.34 Lakh also includes unsecured loans from promoters and related parties to the tune of Rs.104.81 Lakh (interest bearing).

FINANCIAL PERFORMANCE - DEBT PROTECTION INDICATORS

Debt Coverage



Comments:

With high dependence on working capital bank borrowings, the debt coverage indicators of JKL stood moderately weak marked by total debt to GCA of 10.43 times as on March 31, 2015 (as against 19.32 times as on March 31, 2014) and interest coverage of 1.84 times in FY15 (as against 1.58 times in FY14)

RECENT FINANCIALS

As per the management, during 9MFY16 (April 1, 2015 to December 31, 2015), JKL has reported PBT of Rs. 66.07 lakh on total sales of Rs. 2923.71 lakh.

BANKERS & AUDITORS DUE DILIGENCE

Stake holder		Feedback
Bankers & Lenders- State Bank of India (SBI)	Mr. Deepak Singh Chandel	Satisfactory*
	Credit Manager	
	9453042574	
Axis Bank	Mr. Manoj Gupta	Satisfactory
	Manager	
	9794855000	
Auditor M/s Sushil Gupta & Company	Mr. Pankaj Khanna	Satisfactory
	Partner	
	9336106415	

* Limits have been closed with SBI

Remarks

- The account was regular with State Bank of India. The banker had expressed satisfaction over the conduct of the account with timely servicing of interest and principal repayment in term loan.
- Recently, JKL has transferred its bank facilities (Cash Credit and Term loan) from State bank of India to Axis Bank in November, 2015. JKL also enhanced its cash credit facility from 8.00 crore to 11.00 crore with Axis Bank to support its additional working capital requirement and the same has been started availing from January, 2016. The account is regular with Axis Bank and the bankers have expressed satisfaction over the conduct of the account.

Key Findings

Key Findings	Company Comment	CARE Comment
<p>High reliance on promoter family in key decision making.</p> <p>Majority of the critical decisions in the company are being taken by promoter family</p>	<p>As per the management, JKL employs considerable number of qualified professionals for overlooking operations. The total number of employees with the company at registered office stood at 64 which houses qualified professionals such as Engineers, management graduates and post graduates having significant experience in financial market</p>	<p><i>Though the JKL has qualified personnel to manage operations but the key decisions are taken by promoters only. Going forward, the ability of the company to separate management and ownership function remains to be seen.</i></p>
<p>Low utilization of production capacity (around 50% at both plant)</p>	<p>As per the management, JKL capacity utilization is as per industry standards, however management expects better utilization going further. It also going to set up new plant in Kanpur which would be having new and upgraded machineries.</p>	<p><i>CARE believes that with opening of its new plant at Kanpur would held company in coming years to improve it capacity utilization.</i></p>
<p>Marginal decline in revenue during FY15 as compared to FY14</p>	<p>As per the management, total sales declined during FY15 due to sluggish market conditions.</p>	<p><i>CARE understands that as of date, JKL has associated with more than 300 wholesalers and 5000 retailers however, market conditions of textile markets keeps fluctuating.</i></p>
<p>Despite sluggish market and also another group entity being floated for similar purpose why go for project</p>	<p>As quoted by the management, there are no synergies among JKL and other group entities and management teams of each group entity are different. The company expects change in the current market scenario and expects great demand in market for its products.</p>	<p><i>CARE understands that sluggish markets conditions always impact the growth of the company, however, going forward, the ability of JKL to execute the new project on time and subsequently timely stabilization of the same remains to be seen.</i></p>
<p>High reliance on WC Bank borrowings</p>	<p>The management has stated that it has to make payment to suppliers within 10 days for raw material purchased and other hand it takes around 30 to 60 days to recover money from customers. Which make them to rely on the WC bank borrowing to support it operations.</p>	<p><i>CARE understands that in order to maintain competitiveness, JKL will offer its customers a high credit period. However, ability of the company to manage the working capital cycle efficiently with minimize the use of working capital limits would be critical.</i></p>
<p>Increase in Employee cost in</p>	<p>As per the management, JKL employs considerable number of</p>	<p><i>CARE understands that the manufacturing</i></p>

Key Findings	Company Comment	CARE Comment
FY15 by ~14.52% (y-o-y)	employees for overlooking operations. As the requirement during said period was more so company hired more employees and labours during the same period.	<i>requires skilled and efficient human resources, which would be beneficial to the company for long term.</i>

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