

## KTex Nonwovens Private Limited

December 24, 2025

| Facilities/Instruments                 | Amount (₹ crore) | Rating <sup>1</sup>                                | Rating Action  |
|--|------------------|--|--|
| Long Term / Short Term Bank Facilities | 127.48           | CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* | Downgraded from CARE BB+; Stable / CARE A4+ and moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities             | 6.00             | CARE A4; ISSUER NOT COOPERATING*                   | Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category                    |

Details of instruments/facilities in Annexure-1

\*Issuer did not cooperate; based on best available information

### Rationale & Key Rating Drivers

CareEdge Ratings has been seeking information from (KNPL) to monitor the rating(s) vide e-mail communications/ letters dated November 18, 2025, November 24, 2025 and December 01, 2025, December 05, 2025, December 09, 2025 and December 12, 2025 along with numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited (CareEdge Ratings)'s opinion is not sufficient to arrive at a fair rating. The ratings on KNPL's bank facilities will now be denoted as '**CARE BB; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING**'.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings assigned to the bank facilities of KNPL are revised on account of non-availability of requisite information. Further, the ratings continue to remain constrained due to the susceptibility of KNPL's revenue and profitability to volatile raw material prices and foreign exchange rates, its leveraged capital structure and working capital intensive nature of operation. The ramp up of capacity utilization for line 3 is yet to be demonstrated, which is also contingent on receiving confirmed long-term contracts. The ratings, however, derive strength from its reputed albeit concentrated client base, extensive experience of the promoter, and growth assisted by capacity expansion.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on December 11, 2024, the following were the rating strengths and weaknesses.

#### Key weaknesses

##### Leveraged capital structure and moderate coverage metrics

KNPL's capital structure demonstrated some improvement due to the adjustment of subordinated unsecured promoter loans as quasi equity, translating into an overall gearing of 1.11x (PY: 2.28x) and TOL/TNW 1.53x (PY: 3.04x) as of March 31, 2024. Nevertheless, its capital structure remains leveraged. The debt coverage indicators remain constrained with total debt to GCA (TD/GCA) ratio of 10.41x in FY24 (30.41x in FY23). The interest coverage ratio has improved to 2.39x in FY24 (0.54x in FY23) on account of improved profitability and a slight increase in debt levels. Going forward, the capital structure is expected to remain moderate levered due to no major debt-funded capex planned, increased working capital limited and infusion of subordinated unsecured promoter loan up to Rs. 60 crores. KNPL is projected to maintain interest coverage ratio is above 3 times, while maintaining overall gearing below unity.

##### Capacity utilization continues to remain low

KNPL has three operational production lines of which, the 1st line operates at almost full capacity utilization, while the 2nd and 3rd line are reaching 60% and 20% capacity utilization respectively. CARE Ratings notes that the ramp up in capacity utilization has been delayed due to delay in onboarding of new customers, which limits the company's ability to absorb fixed costs. KNPL's ability to sustainably and profitably improve its capacity utilization remains a key monitorable.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Susceptibility to volatile raw material prices and forex fluctuation**

The price of crude oil affects the pricing of KNPL's key raw materials such as polypropylene. The selling price is decided on 1st of every month based on movement in raw material prices during the previous months. As per KNPL's contract with its suppliers such as Sabic and Exxon, it is bound to purchase a fixed committed quantity of raw material each month even though it may not have revenue visibility. Furthermore, since KNPL imports the majority of its raw materials, it is vulnerable to volatility in exchange rates. The demand for hygiene products especially diaper has displayed significant weakening in period post covid which had adversely impacted KNPL's revenue. All these factors have exerted pressure on KNPL's PBILDT margin, which has fluctuated significantly in last 5 years.

**Key strengths****Improvement in revenue and profitability**

The total operating income (TOI) grew at a CAGR of 25.68% over the past five years ending FY24. In FY24, TOI increased by 46% to Rs. 181.5 crores from FY23, driven by higher customer demand despite reduction in sales realization. In H1FY25, TOI was Rs. 97.14 crores compared to Rs. 77.47 crores in H1FY24. In FY24, the margin significantly improved to 9.1% from 1.28%, with a year-on-year improvement of 782 basis points, due to stable raw material prices (crude oil derivatives) and better sales realization driven by higher demand. The PAT margin improved to 3.14% in FY24 from a net loss of 2.77% in FY23, on account of economies of scale and efficient fixed cost absorption. The company's ability to sustain the improvement in revenue and profitability remains a key monitorable.

**Reputed client base albeit high concentration risk**

Top clients of KNPL's clients are players from hygiene sector including Nobel Hygiene (30%), Johnson and Johnson (18%), and Kimberly Clark (9%). CARE Rating notes that one of its key clients has exhibited weak financial profile in FY24 and current financial year, the agency also acknowledges that the company is in talks with other large FMCG players such as Unicharm and Procter and Gamble to expand its client base. KNPL's dependence on its top 10 customers has increased significantly from 65% in FY19 to 85% in FY24. While its customer profile remains concentrated, track record of repeat orders from large customers provides comfort.

**Extensive industry experience of the promoters**

The promoters have experience of over 2 decades in non-woven fabric industry through associate concerns and group companies, i.e. KT Export (Exporter of nonwovens) and Karam Multipacks Private Limited (Manufacturer of industrial Nonwoven fabric). And have strong understanding of the dynamics of the market domestically and internationally, which enables them to establish strong relationships with suppliers and customers. The promoters have demonstrated their willingness to infuse funds in the company as and when required.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

**Applicable criteria**

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Manmade Yarn-Methodology](#)

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector   | Industry            | Basic industry         |
|-------------------------|----------|---------------------|------------------------|
| Consumer Discretionary  | Textiles | Textiles & Apparels | Other Textile Products |

KTex Nonwovens Private Limited (KNPL) is a manufacturer of spun-bond nonwoven textiles which find application in the industrial, medical and hygiene industries. It was incorporated in 2016 by Mr. Vallabh Bhima Godhani, Mr. Himanshu Dipak Patel, Mr. Dhilan Dolatrai Kanakia, and Mr. Nimesh Kiran Sanghrajka, who have over two decades of experience in the industry through their group companies, KT exports and Karam Multipacks Private Limited. KNPL has manufacturing facility in Gujarat with an installed capacity of 25,800 metric tons per annum (MTPA) as on March 31, 2024.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | H1FY25 (Prov.) |
|----------------------------|--------------------|--------------------|----------------|
| Total operating income     | 124.10             | 181.50             | 97.14          |
| PBILDT                     | 1.59               | 16.52              | NA             |
| PAT                        | -3.44              | 5.70               | NA             |
| Overall gearing (times)    | 2.28               | 1.11               | NA             |
| Interest coverage (times)  | 0.54               | 2.39               | NA             |

A: Audited; Prov.: Provisional; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Covenants of rated instrument / facility:** Annexure-3

**Complexity level of various instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of Instruments/Facilities

| Name of the Instrument             | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook                 |
|------------------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|--|
| Fund-based - LT/ ST-Cash Credit    |      | -                             | -               | -                          | 65.00                       | CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* |
| Fund-based - LT/ ST-Term loan      |      | -                             | -               | 2031                       | 62.48                       | CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Bank Guarantee |      | -                             | -               | -                          | 6.00                        | CARE A4; ISSUER NOT COOPERATING*                   |

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for last three years**

| Sr. No. | Name of the Instrument/ Bank Facilities | Current Ratings |                              |  | Rating History                              |   |   |   |
|---------|---|-----------------|------------------------------|--|---|---|---|---|
|         |   | Type            | Amount Outstanding (₹ crore) | Rating   | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1       | Fund-based - LT/ ST-Term loan           | LT/ST           | 62.48                        | CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* | -   | 1)CARE BB+; Stable / CARE A4+ (11-Dec-24)   | 1)CARE BB+; Positive / CARE A4+ (07-Feb-24) | -   |
| 2       | Fund-based - LT/ ST-Cash Credit         | LT/ST           | 65.00                        | CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* | -   | 1)CARE BB+; Stable / CARE A4+ (11-Dec-24)   | 1)CARE BB+; Positive / CARE A4+ (07-Feb-24) | -   |
| 3       | Non-fund-based - ST-Bank Guarantee      | ST              | 6.00                         | CARE A4; ISSUER NOT COOPERATING*                   | -   | 1)CARE A4+ (11-Dec-24)                      | 1)CARE A4+ (07-Feb-24)                      | -   |

\*Issuer did not cooperate; based on best available information.

ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument             | Complexity Level |
|---------|------------------------------------|------------------|
| 1       | Fund-based - LT/ ST-Cash Credit    | Simple           |
| 2       | Fund-based - LT/ ST-Term loan      | Simple           |
| 3       | Non-fund-based - ST-Bank Guarantee | Simple           |

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

## Contact us

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| <p><b>Media Contact</b></p> <p>Mradul Mishra<br/>Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-22-6754 3596<br/>E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Ankur Sachdeva<br/>Senior Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-22-6754 3444<br/>E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a></p> | <p><b>Analytical Contacts</b></p> <p>Shachee Vyas<br/>Assistant Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-79-40265665<br/>E-mail: <a href="mailto:shachee.tripathi@careedge.in">shachee.tripathi@careedge.in</a></p> <p>Aniket Shringarpure<br/>Lead Analyst<br/><b>CARE Ratings Limited</b><br/>Phone: +91-79-40265659<br/>E-mail: <a href="mailto:Aniket.Shringarpure@careedge.in">Aniket.Shringarpure@careedge.in</a></p> <p>Deep Tripathi<br/>Analyst<br/><b>CARE Ratings Limited</b><br/>E-mail: <a href="mailto:deep.tripathi@careedge.in">deep.tripathi@careedge.in</a></p> |
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