

March 03, 2014

**CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF
KHOSLA PROFIL PVT LTD**

Ratings

Facilities	Amount (Rs Cr)	Ratings ¹	Remarks
Long-term Bank Facilities	17.94	CARE BBB- [Triple B Minus]	Reaffirmed
Short-term Bank Facilities	33	CARE A3 [A Three]	Reaffirmed
Total Bank Facilities	50.94		

Rating Rationale

The reaffirmation of ratings assigned to the bank facilities of Khosla Profil Private Limited (KPPL) continues to derive strength from the experience of the promoters in the technical Textile business, diversified product profile, consistent growth in operations and moderate profitability margins.

The ratings however, continue to be constrained by the leveraged capital structure. Furthermore, the ratings are also constrained by exposure to fluctuation in the prices of raw materials and risk of foreign exchange movement imparting volatility to the profitability and intense competition in the sector.

Ability of KPPL to scale up operations, improve capital structure and maintain profitability remains the key rating sensitivities.

Background

Khosla Profil Pvt Ltd (KPPL) started operations in 1979 and was established by Mr Pramod Khosla and his family members. KPPL is engaged in the manufacturing of range of products including fabrics for (a) filtration, (b) mechanical rubber goods such as conveyor beltings, tyres, rubber sheets for reinforcement and impression, and (c) coated, dyed, finished and grey fabrics for outdoor uses such as awnings, tents, truck covers, etc; which are made from cotton, poly-cotton, polypropylene (PP), polyester, nylon, etc. The company has a presence right from weaving (filter fabrics), dyeing/processing of the fabrics to made ups (filtration bags). The end-user industries which use the products manufactured by KPPL include mining and metals, pharmaceuticals, automobiles, oil refineries, petrochemicals, etc. It has an aggregate installed capacity of 97 looms spread over two units at Wada, Thane; Maharashtra.

During FY13 (refers to the period April 01 to March 31), KPPL reported net sales of Rs.94.69 crore and a PAT of Rs.0.50 crore vis-à-vis FY12 wherein it reported net sales of Rs.83.71 crore and PAT of Rs.2.94 crore.

Furthermore, during 8MFY14 (provisional; refers to the period April 1 to November 30), KPPL reported an operating income of Rs.83.84 crore and a PAT of Rs.4.03 crore.

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¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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