

MARCH 18, 2015

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF KHOSLA PROFIL PVT. LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	27.39 (enhanced from 17.94)	CARE BBB- [Triple B Minus]	Reaffirmed
Short-term Bank Facilities	45(enhanced from 33)	CARE A3 [A Three]	Reaffirmed
Total Facilities	72.39		

Rating Rationale

The ratings continue to derive strength from the significant experience of the promoters in the technical textile business, diversified product profile, consistent growth in operations and moderate profitability margins.

The ratings are, however, constrained by the small scale of operations, leveraged capital structure and working capital intensive nature of operations. The ratings are also constrained by exposure to volatility in raw material prices and foreign exchange fluctuation risk imparting volatility to the profitability.

Going forward, the ability of the company to enhance the scale of 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 a) industrial and technical fabrics for tyre, belting, coating and mechanical rubber goods industries b) filter fabrics c) air slide fabric d) filter press fabric e) centrifuges bags etc; which are made from cotton, poly-cotton, polypropylene, 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.

KPPL reported a profit after tax of Rs.3.63 crore on the total income of Rs.122.20 crore in FY14 (refers to the period April 1 to March 31) as against profit after tax of Rs.0.50 crore on the total income of Rs.98.51 crore in FY13. As per the unaudited results for 9MFY15, KPPL reported a profit after tax of Rs.4.03 crore on the total income of Rs.82.78 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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