

FEBRUARY 16, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF KROSS MANUFACTURERS (I) PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	40.34 (enhanced from 39.14)	CARE BBB- (Triple B minus)	Reaffirmed
Short-term Bank Facilities	10.00 (reduced from 14.00)	CARE A3 (A Three)	Reaffirmed
Total Bank Facilities	50.34 (Rupees Fifty crore and Thirty Four Lac only)		

Rating Rationale

The ratings assigned to the bank facilities of Kross Manufacturers (I) Pvt Ltd (KMIPL) continue to draw comfort from experienced promoters, long relationship with reputed customers, partial insulation from volatility in raw material prices due to presence of price escalation clause with most of its large customers and relatively stable financial performance in FY15 (refers to the period April 1 to March 31) with slight improvement in 9MFY16. The ratings, however, remains constrained by small scale of operation, customer concentration risk, low bargaining power with the customer, capital intensive nature of business, moderate financial risk profile with tight liquidity condition and cyclicity of the industry. The ability of the company to increase the scale of operation, diversify client profile and efficiently manage its working capital remains the key rating sensitivities.

Background

KMIPL, incorporated in May 1991, is promoted by Mr Sudhir Rai and his wife Mrs Anita Rai. The company commenced operations in 1993 and is engaged in manufacturing of automobile parts (axle shafts, coupling flanges, tractor parts etc.) for commercial vehicles as well as tractors. It has three manufacturing plants including a forging unit in Jamshedpur. Around 90% of the revenue is derived from its top four customers, namely, Tata Motors Ltd, TAFE Motors & Tractors Ltd, Ashok Leyland Ltd and Dana India Ltd.

During FY15, KMIPL reported a net profit of Rs.2.3 crore (as against net loss of Rs.1.13 crore in FY14) and cash profit of Rs.5.49 crore (GCA of Rs.4.99 crore in FY14) on a total operating income of Rs.110.02 crore (Rs.106.77 crore in FY14).

In 9MFY16 (Prov), KMIPL has reported PAT of Rs.2.63 crore on the net sales of Rs.97.76 crore.

Analyst Contact

Name: Mr Utkarsh Nopany

Tel: 033-4018 1605

Cell: + 91 98361 86474

Email: utkarsh.nopany@careratings.com

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691