

July 11, 2012

CARE ASSIGNS 'CARE BBB-' AND 'CARE A3' RATINGS TO THE BANK FACILITIES OF KHOSLA PROFIL PRIVATE LIMITED

Ratings Assigned

Facilities	Amount (Rs. Crs)	Ratings¹	Remarks
Long-term Bank Facilities	22.44	CARE BBB- (Triple B Minus)	Assigned
Short-term Bank Facilities	28.50	CARE A3 (A Three)	Assigned
Total Facilities	50.94		

Rating Rationale

The rating of Khosla Profil Private Limited (KPPL) derives strength from the experience of the promoters in the technical textile business, moderate debt coverage indicators and diversified product profile.

The rating however is constrained by relatively small scale of operations, susceptibility of profitability margins to continuation of export incentives, volatility in the prices of cotton and polyester and risk of foreign exchange movement imparting volatility to the profitability.

Ability to scale up operations and achieve higher profitability margins amidst external environment characterised by increased volatility in prices of cotton and polyester remain 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 manufacture 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. During FY12 (refers to period from April 01 to March 31), exports constituted around 65% of net sales of KPPL. It sells its products in over 40 countries across the world including U.S.A., Europe, Australia, etc. It has an aggregate installed capacity of 98 looms spread over two units at Wada, Thane; Maharashtra.

During FY11 (A), KPPL reported net sales of Rs.71.47 cr and PAT of Rs.3.35 cr. On FY12 (Provisional) results, KPPL reported net sales of Rs.85.23 cr and PAT of Rs.3.25 cr.

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