

PSKARUN Tex Private Limited

March 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	9.80 (Reduced from 13.58)	CARE BB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	34.00 (Enhanced from 30.00)	CARE BB-; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of PSKARUN Tex Private Limited (PSK) continue to be constrained by moderate capital structure, weak debt coverage indicators, and highly fragmented industry and raw material price volatility. However, ratings derive strength from growth in scale of operations, experienced promoters and established relationship with customers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to scale up the operations to over ₹125 crore while maintaining the profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin of over 6% on a consistent basis.
- Improvement in capital structure with overall gearing below 2x.
- Generate adequate accruals to improve total debt to gross cash accrual (TD/GCA) below 8x.

Negative factors

- Sizable decline in scale of operations with income below ₹75 crore.
- Large debt funded capex leading to deterioration in capital structure with overall gearing above 3x.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the company is expected to sustain its financial and operational performance deriving benefits from diversified product profile and captive power and vast experience of the promoters.

Detailed description of key rating drivers:

Key weaknesses

Moderate capital structure and weak debt coverage indicators

The company's capital structure stood moderate with overall gearing of 2.07x as on March 31, 2024, against 2.45x as on March 31, 2023. The debt coverage indicators stood weak with TD/GCA of 15.05x as on March 31, 2024, against 17.03x as on March 31, 2023. The interest coverage stood at 1.54x in FY24 (PY:1.83x).

Volatility in raw material prices

The company deals with cotton yarn and other man-made yarns. The company's profitability is susceptible to the movement in the prices of raw cotton which is the key raw material for production of cotton yarn. The prices of raw cotton are volatile and depend upon factors such as area under production, yield, vagaries of monsoon, international demand supply scenario, inventory carry forward from the previous year, export quota and minimum support price (MSP) decided by the government. PSF, on the other hand, is a derivative of crude oil and its price depends on movement of crude oil prices. Volatility in the raw material prices may adversely affect the company's margins. The PBILDT margin has been volatile in the range of 6%-7.6% over last three years ended FY24.

Highly fragmented, competitive industry

The Indian textile industry consists of large, organised players who contribute 75% of total installed capacity and the remaining 25% is contributed by unorganised segment. PSK is a relatively small player in this space, lacking the benefits of economies of

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

scale. The intense competition in highly fragmented textile industry also restricts its ability to completely pass on volatility in input cost to its customers. The company is in the textile industry pre-dominantly depending on cotton.

Key strengths

Experienced promoters

PSK was established in March 2018 by P S Kandasamy, PSK Arun and K Lakshmi. P S Kandasamy, managing director holds over three decades' experience in similar business and manages administration department. Prior to establishing PSK, Kandasamy was the proprietor of PSK Dyeing. PSK Arun completed his Master of Business Administration and holds fifteen years' experience in textile industry and manages financial, banking and marketing department. Lakshmi also has three decades' experience in same business and manages the day-to-day activities of the manufacturing unit.

Growth in scale of operations

The company reported with stable increase in scale of operations despite remained relatively moderate over the last four years ended FY24 (April 01 to March 31). In FY24, the TOI grew by 9% to ₹120.41 crore in FY24 from ₹109.88 crore in FY23 due to increase in realisation of yarn and fabrics. In 11mFY25 (April 01 to February 28), the company had booked income of ₹110.0 crores.

Liquidity: Stretched

Liquidity is stretched marked with tightly matched accruals against term debt obligations of ₹3.25 crore in FY25 and with low cash balance of ₹0.05 crore as on March 31, 2024. The company's operating cycle elongated to 127 days in FY24 due to elongation in inventory days which stood at 101 days in FY24 (PY: 73 days). The company has been sanctioned with cash credit of ₹34 crore and the average utilisation stood high at 90% for the last 12 months ended February 2025.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

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

PSKARUN Tex Private Limited (PSK) was established in March 2018 and commercial operations commenced from April 2018 by P S Kandasamy, PSK Arun and Lakshmi. PSK is originally engaged in trading yarn and fabrics and manufacturing fabrics with installed capacity of 400 looms. PSK is also engaged in processing that is dyeing yarn and fabrics on job order basis. The manufacturing unit is in Pallipalayam, Tamil Nadu.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	11mFY25 (UA)
Total operating income	109.88	120.41	110.00
PBILDT	6.49	8.39	NA
PAT	0.98	1.57	NA
Overall gearing (times)	2.45	2.07	NA
Interest coverage (times)	1.83	1.54	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Brickwork has reviewed the rating of PSK and classified into 'Issuer Not Cooperating' category based on best available information vide PR dated July 15, 2024. The reason provided by Brickwork is non-furnishing of information for monitoring of rating.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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-Term Loan		-	-	September 2027	4.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	November 2026	5.80	CARE BB-; Stable
Fund-based - LT/ST-Cash Credit		-	-	-	34.00	CARE BB-; Stable / CARE A4

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT/ST-Cash Credit	LT/ST	34.00	CARE BB-; Stable / CARE A4	-	1)CARE BB-; Stable / CARE A4 (16-Jan-24)	1)CARE BB-; Stable / CARE A4 (03-Jan-23)	-
2	Fund-based - LT-Term Loan	LT	4.00	CARE BB-; Stable	-	1)CARE BB-; Stable (16-Jan-24)	1)CARE BB-; Stable (03-Jan-23)	-
3	Fund-based - LT-Term Loan	LT	5.80	CARE BB-; Stable	-	1)CARE BB-; Stable (16-Jan-24)	1)CARE BB-; Stable (03-Jan-23)	-

LT: Long 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-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CARE 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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Sandeep P Director CARE Ratings Limited Phone: 914428501002 E-mail: sandeep.prem@careedge.in</p> <p>Naveen S Associate Director CARE Ratings Limited Phone: 914224502305 E-mail: naveen.kumar@careedge.in</p> <p>Ragavilashini Muralikrishnan Lead Analyst CARE Ratings Limited E-mail: Ragavilashini.M@careedge.in</p>
--	--

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**