

Laxminarayan Spintex LLP

April 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	63.60	CARE B+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	1.25	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Laxminarayan Spintex LLP (LSLLP) to monitor the ratings vide email communications dated January 09, 2025, February 04, 2025, February 11, 2025, February 17, 2025, February 24, 2025, February 27, 2025, March 04, 2025, March 07, 2025, March 10, 2025, and numerous phone calls. However, despite our repeated requests, LSLLP has not provided the requisite information for monitoring of ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which, however, in CARE Ratings Ltd's opinion is not sufficient to arrive at a fair rating. Further, LSLLP has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on LSLLP's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING / CARE A4; ISSUER NOT COOPERATING**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of LSLLP continue to remain constrained on account of stabilisation risks associated with its recently commenced manufacturing operations, vulnerability of margin to volatility in raw material prices, highly competitive and fragmented nature of textile industry, and its limited liability partnership nature of constitution.

The ratings, however, derives strength from experienced partners along with operational support from group entities.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook reflects CARE Ratings Limited's expectations of timely stabilisation of debt-funded capex as well as realization of envisaged total operating income (TOI).

Detailed description of key rating drivers:

At the last time of rating on April 01, 2024, following were the rating strengths and weaknesses:

Key weaknesses

Recent commencement of operations with some delay from originally envisaged timeline

LSLLP commenced operations during mid-March 2024 (as against earlier envisaged completion in October 2023) on account of delay in machinery procurement. Also, some part of capex is pending for godown and labour colony. Firm is expected to be fully operational for FY25 and achievement of envisaged TOI and profitability shall remain crucial from credit perspective.

Vulnerability of margins to volatility in raw material prices

The profitability of spinning mills depends largely on the prices of cotton and cotton yarn which are governed by various factors such as area under cultivation, monsoon, international demand supply situation, etc. The cotton being the major raw material of spinning mills, movement in cotton prices without parallel movement in yarn prices impact the profitability of the spinning mills.

Highly competitive and fragmented nature of industry

The firm operates in the textile manufacturing and processing industry which is highly competitive industry with presence of numerous independent small-scale enterprises owing to low entry barriers leading to high level of competition in the spinning segment. Furthermore, the Indian textile industry also faces competition from the low-cost countries like China and Bangladesh. The intense competition in the textile processing industry also restricts ability to completely pass on volatility in input cost to its customers, which impacts its profit margins.

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

Limited Liability Partnership nature of constitution

Being limited liability partnership, LSL is exposed to inherent risk of partners' capital being withdrawn at time of personal contingency, and entity being dissolved upon the death/retirement/insolvency of partners which may affect financial flexibility of the entity.

Key strengths

Experienced partners along with operational support from group entities

LSL was incorporated by total 17 partners, with 2 designated partners viz. Pratik Kanasagara and Uday Patel. Uday Patel has almost two decades of experience while Pratik Kanasagara has around three years of experience in Ginning Pressing business through group entities viz. Laxminarayan Cotton India and Indian Cotton Industries. The key partners experience of manufacturing and trading in textile industry along with other partners dealers and marketing network will be helpful for successfully carrying out operations of LSL. All the partners belong to the agricultural background and having business in agricultural produce and sale cotton cultivation. Principal raw material i.e. cotton ginning will be procured from group entities and thus will easily be available without much logistics cost as those companies are also located in Morbi, Gujarat.

Liquidity: Not Applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

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

Morbi, Gujarat based Laxminarayan Spintex LLP (LSL) was incorporated on December 02, 2021, by total 17 partners and 2 key partners viz. Mr. Pratik Kanasagara and Mr. Uday Patel. LSL has implemented a greenfield project to set up cotton spinning unit with 20064 spindles with an installed capacity of 5840 metric tons of cotton yarn of 26 count hosiery. It operates from its sole manufacturing facility at Morbi, Gujarat and has commenced its commercial operations from March 2024.

Brief Financials: Not applicable as operations had commenced in March 2024 with nil operating revenue booked during FY24.

Status of non-cooperation with previous CRA: Not applicable

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-Cash Credit		-	-	-	15.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	30/5/2028	48.60	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	1.25	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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-Term Loan	LT	48.60	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE B+; Stable (01-Apr-24)	-	1)CARE B+; Stable (23-Mar-23)	-
2	Fund-based - LT-Cash Credit	LT	15.00	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE B+; Stable (01-Apr-24)	-	1)CARE B+; Stable (23-Mar-23)	-
3	Non-fund-based - ST-Bank Guarantee	ST	1.25	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (01-Apr-24)	-	1)CARE A4 (23-Mar-23)	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the 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.

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About us:

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Disclaimer:

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