

## P.K.Laxmi Mill India Private Limited

July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	30.00 (Enhanced from 3.70)	CARE BBB+; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE BB-; Stable
Long-term / Short-term bank facilities	12.00	CARE BBB+; Stable / CARE A2	Assigned
Long-term bank facilities	-	-	Withdrawn
Short-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings), vide its press release dated April 28, 2025, had placed the rating of P.K.Laxmi Mill India Private Limited (PLMPL) under the 'issuer non-cooperating' category, as PLMPL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. The company has now cooperated for undertaking the review.

Ratings assigned to bank facilities of PLMPL derive strength from the group's growing scale of operations driven by consistent capacity additions over the years, long track record of operations, and established relationships with customers. Ratings also derive strength from the promoters' vast experience, healthy operating margins with benefits derived from captive power consumption, and comfortable debt protection metrics. However, ratings are constrained by relatively moderate capital structure due to the debt-funded capex in the past, exposure to commodity yarn segment, where margins are susceptible to raw material price volatility and cyclical nature associated with the textile industry.

CareEdge Ratings' has withdrawn the long-term rating assigned to cash credit limit and short-term ratings assigned to bill discounting/bill purchasing limit and Inland Letter of Credit/Foreign Letter of Credit limit upon the confirmation received from the company that the limits have been closed.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Ability to improve total operating income (TOI) above ₹800.0 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 18% on a sustained basis.
- Ability to improve overall gearing below 1.0x.

#### Negative factors

- Any large debt-funded capex leading to moderation in capital structure with overall gearing above 1.50x.
- Any stretch in working capital cycle above 120 days.
- Any decline in TOI below ₹500.0 crore on sustained basis.

### Analytical approach: Combined

CareEdge Ratings has combined the business and financial risk profiles of P.K.P.N. Spinning Mills Private Limited (PSMPL) and PLMPL, together referred as PKPN Group. This approach has been adopted considering both the entities being engaged in similar lines of business, have common management, and presence of significant operational and financial linkages. The list of all entities combined is placed as **Annexure-6**.

### Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation that the PKPN Group will continue to benefit from its long operational track record, promoter experience, and strong customer relationships and sustain comfortable profitability with captive power.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

## Detailed description of key rating drivers:

### Key strengths

#### Vast experience of promoters

The PKPN group was found and promoted by P K Jayagopal, a first-generation entrepreneur. He has over four decades of experience in textile industry and takes care of overall operations of the group. He is ably supported by his two sons, second-generation entrepreneurs, J. Lakshmidharan (Director) and J. Thiruvadhanan. J. Lakshmidharan looks after export marketing and technical departments for developing new blended products among others and has ~22 years of experience in the textile industry. J. Thiruvadhanan has nearly 18 years of experience in the textile industry, and heads the office and general administration of the company with domestic marketing among others.

#### Long operational track record with growth in scale of operations

The group has a long-standing operational track record. The group commenced operations with an initial capacity of 10,000 spindles and has grown to an installed capacity of 60,678 spindles and 25 vortex machines, as on March 31, 2025. The group's scale of operations has witnessed consistent growth in recent years, primarily driven by ongoing capacity additions. TOI increased to ₹636.96 crore in FY25 from ₹469.37 crore in FY24, reflecting a robust year-on-year growth rate of 36%.

#### Healthy operating margins aided by captive power consumption and diversified blends of yarn

The PBILDT margin stood comfortable at 20.26% in FY25 improved from 17.63% in FY24. Operating margins improved aided by the addition of captive power source and better realisation of yarn with presence of blends in the product mix. PKPN Group has total solar capacity of 8.9 MW and windmill capacity of 10.4 MW, which meets ~70% of the total power requirements. The company's product profile stood diversified, which includes various blends of yarn such as viscose staple fibre yarn, flax yarn, bamboo yarn, cotton viscose blended yarn, and modal yarn among others of count range 4-40s.

#### Established clientele

The group sells yarn in both domestic and international markets. Overall export income contributes ~3.64% in FY24 (PY: 6.35%). The group has long and established relationships with its customers. The top 10 customers represent 30.16% in FY25 (PY: 33.12%) and diversified.

### Key weaknesses

#### Relatively moderate capital structure considering the debt-funded capex

The group's capital structure is leveraged considering the debt-funded capex incurred. Overall gearing which stood at 1.23x as on March 31, 2025 (PY: 1.47x). At present, the group is undergoing capex towards addition of spinning capacity by 22,000 spindles. The total project cost is estimated at ₹120.5 crore, funded through a term loan of ₹90.38 crore and remaining from internal accruals. Commercial operations from the new project are expected to commence from September 2025. The capital structure is expected to remain moderate in the near term due to the ongoing debt-funded capex.

The interest coverage (PBILDT/ Interest) stood at comfortable at 6.10x in FY25 (PY: 5.06x), while the total debt to gross cash accruals (TD/GCA) stood comfortable at 2.96x as on March 31, 2025 (PY: 3.90x).

#### Vulnerability of margins to raw material price volatility

The group sources its entire requirement of viscose staple fibre (VSF) from Grasim Industries. The profitable margins of the group are susceptible to fluctuations in the prices of major raw materials such as VSF in keeping with volatility in the wood pulp prices. Moreover, viscose fibre prices are influenced by movement in prices of its substitutes, cotton and polyester staple fibres. VSF prices are relatively less volatile than cotton prices.

#### Liquidity: Adequate

The liquidity is expected to be adequate marked by sufficient cash accruals against repayment obligations of ₹36.87 crore in FY26. The cash balance stood minimal at ₹0.58 crore as on March 31, 2025. Operating cycle stood moderate at 88 days in FY25 (PY: 83 days). The company holds inventory for 60-90 days on average. The group offers credit of 30-45 days to its customers. The group has working capital limits of ₹136.30 crore. The average working capital utilisation stood ~67.82% for past 12 months ending May 2025. The current ratio stood at 1.30x as on March 31, 2025 (PY: 1.30x).

**Assumptions/Covenants:** Not applicable

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

## Applicable criteria

- [Consolidation](#)
- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Financial Ratios – Non financial Sector](#)
- [Withdrawal Policy](#)
- [Cotton Textile](#)
- [Short Term Instruments](#)
- [Manmade Yarn-Methodology](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles & apparels	Other textile products

Incorporated in 1981, PSMPL is the flagship company of PKPN group, which is found and promoted by P K Jayagopal and his sons - J. Lakshmidharan and J. Thiruvadhanan. Based in Erode (Tamil Nadu), PSMPL manufactures cotton flax yarn, viscose yarn, blended yarn, and speciality yarn such as bamboo yarn. PSMPL has installed capacity of 25,254 spindles and 25 vortex machines as on March 31, 2025.

Incorporated in 1989, PLMPL is currently promoted by P K Jayagopal and his sons - J. Lakshmidharan and J. Thiruvadhanan. The company manufactures different kinds of yarn- VSF yarn, flax yarn, bamboo yarn, and cotton/viscose blended yarn among others, which are used in weaving different types of fabrics. As on March 31, 2025, PLMPL had installed capacity of 35,424 spindles.

Brief Financials (₹ crore) Combined	March 31, 2023 (UA)	March 31, 2024 (UA)	March 31, 2025 (UA)
Total operating income	331.20	469.37	636.96
PBILDT	49.17	82.75	129.06
PAT	19.24	32.54	64.97
Overall gearing (times)	1.34	1.47	1.23
Interest coverage (times)	4.65	5.06	6.10

UA: Unaudited; Note: these are latest available financial results

Brief Financials (₹ crore) Standalone	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	88.33	156.60	276.42
PBILDT	11.10	25.91	54.71
PAT	5.12	13.22	33.16
Overall gearing (times)	1.08	1.88	1.10
Interest coverage (times)	4.53	5.49	6.87

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Brickwork has reviewed the rating of PLMPL and classified into 'Issuer Not Cooperating' category based on best available information vide PR dated August 05, 2024. The reason provided by Brickwork is non-furnishing of information for monitoring of rating and not sharing the No Default Statement (NDS).

**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		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	February 2031	30.00	CARE BBB+; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	12.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-Bill Discounting / Bills Purchasing		-	-	-	0.00	Withdrawn
Non-fund-based - ST-ILC/FLC		-	-	-	0.00	Withdrawn

**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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	30.00	CARE BBB+; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (25-Apr-25)	1)CARE BB; Stable; ISSUER NOT COOPERATING * (08-Apr-24)	-	1)CARE BB; Stable; ISSUER NOT COOPERATING * (25-Jan-23)
2	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (25-Apr-25)	1)CARE BB; Stable; ISSUER NOT COOPERATING * (08-Apr-24)	-	1)CARE BB; Stable; ISSUER NOT COOPERATING * (25-Jan-23)
3	Non-fund-based - ST-Bill Discounting / Bills Purchasing	ST	-	-	1)CARE A4; ISSUER NOT COOPERATING * (25-Apr-25)	1)CARE A4; ISSUER NOT COOPERATING * (08-Apr-24)	-	1)CARE A4; ISSUER NOT COOPERATING * (25-Jan-23)
4	Non-fund-based - ST-ILC/FLC	ST	-	-	1)CARE A4; ISSUER NOT COOPERATING * (25-Apr-25)	1)CARE A4; ISSUER NOT COOPERATING * (08-Apr-24)	-	1)CARE A4; ISSUER NOT COOPERATING * (25-Jan-23)
5	Fund-based - LT/ST-Working Capital Limits	LT/ST	12.00	CARE BBB+; Stable / CARE A2				

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

LT: Long term; ST: Short 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-Working Capital Limits	Simple
4	Non-fund-based - ST-Bill Discounting / Bills Purchasing	Simple
5	Non-fund-based - ST-ILC/FLC	Simple

**Annexure-5: Lender details**

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

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	P.K.P.N. Spinning Mills Private Limited	Full	Operational & Financial Linkages
2	P.K.Laxmi Mill India Private Limited	Full	Operational & Financial Linkages

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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