

Luxor International Private Limited

September 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	73.00	CARE BBB-(RWN)	Placed on Rating Watch with Negative Implications
Short Term Bank Facilities	2.00	CARE A3 (RWN)	Placed on Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Care Ratings Limited (CareEdge Ratings) has conducted rating assessment based on the combined approach by combining Luxor International Private Limited (LIPL) and Luxor Writing Instruments Private Limited (LWIPL), together referred as 'group', since the business and financial risk profiles of both the entities are linked with similar line of business, common promoters and cash flow fungibility between the entities.

CareEdge Ratings has placed the ratings assigned to the bank facilities of Luxor International Private Limited on rating watch with negative implications (RWN) following the recent imposition of a 50% tariff by the U.S. Government on select imported goods, including stationery products. Given the group's significant revenue reliance on the US markets, as group generated over 18% of its revenue in FY25 (refers to the period from April 01 to March 31), from the US market, the new trade measures pose material risks to its revenue and profitability margins. Within the group, LIPL has the highest exposure, with the U.S. market accounting for up to 45% of its Total Operating Income (TOI), while Luxor Writing Instruments Private Limited (LWIPL) has a relatively lower exposure of around 4%. The Credit Watch reflects uncertainty around the sustainability of current export volumes, possible margin pressures due to pricing renegotiations, and the evolving U.S. trade policy landscape. CARE Ratings will continue to monitor the developments and assess the impact on group's operational and financial performance once more clarity emerges on the same.

Ratings continue to derive strength from its experienced promoters, established track record of operations with strategic collaborations with foreign companies, established brand presence with diversified product portfolio and strong distribution network and operational performance marked by steady revenue growth. The ratings are, however, constrained by fluctuating profitability margins owing to volatile nature of raw material, elevated debt levels driven by regular debt funded capex and working capital intensive nature of operations. The ratings are further constrained by exposure to foreign currency fluctuation risk and intense competition from unorganised segment in writing instruments industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in revenue above Rs. 900 Cr and PBILDT (Profit before Interest, lease, depreciation and tax) margin above 9% on a sustained basis.
- Improvement in financial risk profile with overall gearing below 0.70x on a sustained basis.

Negative factors

- Deterioration in profitability with PBILDT margin below 5%.
- Deterioration in financial risk profile with overall gearing above 1.20x on a sustained basis.

Analytical approach: Combined. CARE has combined financials of two entities viz Luxor Writing Instruments Private Limited (LWIPL) and Luxor International Private Limited (LIPL) [collectively referred to as Luxor group] since, the said entities are engaged in a similar line of activity, have common promoters along with having significant operational and financial linkages. The details of the entity considered in combining the financials is provided in Annexure-6.

Detailed description of key rating drivers: At the time of last rating as on September 12, 2024, the following were the rating weaknesses and strengths (based on FY24 (refers to the period from April 01 to March 31) financials as FY25 financials are not available):

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

Key strengths

Extensive experience of promoters with long track record of operations

Luxor group, founded by Late Mr. D.K. Jain, started manufacturing writing instruments in India in 1963. The group is now headed by chairperson Mrs. Usha Jain who has over 5 decades of industry experience and looks after the overall operations of the group. She is ably supported by Mrs. Pooja Jain (Managing Director), executive MBA from Harvard Business school and has over 25 years of industry experience. The top management is assisted by qualified professionals with vast experience in the field of production, finance, distribution, and marketing.

Established market position with strong brand presence

Luxor is one of the brand leaders in the Indian writing instruments industry. In addition to its own brand, company has also entered into long-term exclusive agreements with the original manufacturers of renowned global brands like Parker & Waterman. Luxor enjoys strong market presence, being the exclusive manufacturer and distributor for these brands in India. Further, the highest revenue contribution in FY24 (refers to the period from April 01 to March 31) came from the Luxor brand, accounting for ~56% of the TOI (total operating income) (PY: 45%), followed by Parker and Waterman, contributing ~36% (PY: 20%) and Schneider and pilot contributing ~7% (PY: 32%) and rest from other brands, reflecting growing acceptance and penetration in domestic markets for the home grown brand.

Diversified product portfolio and customer base with strong distribution network

The group has a diversified product portfolio with products such as luxury pens, ball pens, highlighters, colours, sketch pens, markers, notebooks, etc. Products are sold in the domestic market through a strong distribution network of over 5000 super distributors and through B2B, E-commerce, modern trade sales, with more than 60,000 retail outlets have been covered, while export sales are carried out in the form of contract manufacturing for leading international names such as Crayola (U.S), Carrefour (France), Walmart and Newell (USA), Spar (France), The works (UK), etc.

Moderate growth in revenue from last 5 years with fluctuating profitability margins

The group has reported modest growth in the scale of operations over the past five years at a compounded annual growth rate (CAGR) of ~6% during the period (FY20 – FY24). During FY24, group reported slight decline in TOI and stood at Rs. 647.89 Cr (PY: Rs. 668.13 Cr) mainly due to discontinuation of business with Pilot, Japan. Further, the profitability margins remained moderate and fluctuating within the range of ~5-7% over the last 5 years. This volatility is due to the fluctuating prices of key raw materials such as polymers, ink, and tips. The company is able to pass on the price change to limited extent only as there is high level of competition in the writing instrument industry especially from the unorganized sector. While there have been no immediate order cancellations or reductions following the imposition of tariffs by the United States, the development introduces uncertainty around future volumes and pricing. Accordingly, the potential impact of these tariffs on the group's operational performance remains a key monitorable.

Key weaknesses

Moderate financial risk profile

Though the overall gearing of the group has improved over the years and stood below unity as on March 31, 2024 mainly on account of scheduled repayment of existing loans and accretion of profits to net worth. However, company's overall debt levels remained stable driven by regular debt funded capex for automation, capacity enhancement into existing plants and high working capital utilization. Further, an additional debt funded capex of ~Rs. 72 Cr has also been planned to be incurred till FY27 in a debt-equity ratio of 75:25 for manufacturing of notebooks and for bringing capacity for new brands like Schneider and Doodles. Debt coverage indicators improved in FY24 as reflected by interest coverage ratio stood at 3.57x (PY: 3.02x) and total debt to gross cash accruals stood at 3.52x (PY: 4.66x).

Working capital intensive nature of operations

Operations are working capital intensive marked by an average operating cycle of around 60 days as on March 31, 2024 (PY: 55 days). The working capital requirements are met largely through bank borrowings resulting in high WC limit utilization. Going forward, working capital requirement may intensify considering the sizeable capex planned in the group and thus remain a key monitorable.

Margins susceptible to volatility in raw material prices and currency risk

Crude oil plays significant role in the stationery industry, primarily as a raw material for plastic production as the pens and plastic coatings are made from petroleum-derived plastics. Additionally, petroleum by-products are used in the production of ink. Therefore, fluctuation in crude oil prices has a direct bearing on the cost of producing various stationery items made from plastic or other petroleum-based materials. The cost of raw material for Luxor accounts for ~55%-60% of its total production cost. However, company passes on the change in prices to a limited extent as there is intense competition in the industry and therefore this volatility in raw material prices is reflected in fluctuating margins as well. Further, company has backward integration set up for ink and tips, which fulfils all the requirements for tips, however ink is imported also to some extent. Further, raw materials are sourced through both domestic and overseas suppliers and company mitigates foreign currency fluctuation risk through natural hedging, as exports are more than imports with exports stood at ~Rs. 225 crore and imports at ~Rs. 80 crore during the fiscal year 2024. The company has also booked net gain of Rs. 2.57 crore in FY24 (PY: Rs. 4.01 Cr) on foreign currency transactions.

Exposure to Intense Competition

The company faces intense competition from unorganised sector as their pricing is low comparatively, which creates pressure over brands in terms of sales, pricing, bargaining power and hence profitability.

Liquidity: Adequate

The company has adequate liquidity with gross cash accruals expected for more than Rs. 20 crore against repayment obligations of ~Rs. 10.00 crore in FY26. However, group's cash flow from operations declined significantly in FY24 mainly due to working capital changes. Further, the average working capital limit utilization stood high at 84% in Luxor Writing Instruments Private Limited and 80% in Luxor International Private Limited during the 12-month period ending June 2024. Further, with projected debt funded capex of ~Rs. 72 Cr (debt-equity ratio of 75:25) and anticipated increase in WC limit utilization in line with improvement in operations, improvement in cash flow from operations and therefore liquidity position shall remain a key monitorable.

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](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Household Products	Stationary

Luxor group began its operations in 1963 under the name Luxor Pen company, a proprietorship concern. It was formed by late Mr. D.K. Jain. The group manufactures writing instruments under its own brand- Luxor. The entire domestic business was transferred to Luxor Writing instruments Private Limited. The group ventured into export market in 1990 by forming an exclusive international division namely Luxor exports company. The entire business of Luxor exports company was transferred to Luxor International Private Limited in 2002.

Brief Financials (Combined) (₹ crore)	March 31, 2023 (UA)	March 31, 2024 (UA)	Q1FY25 (UA)
Total operating income	668.13	647.89	159.99
PBILDT	48.63	48.16	10.5
PAT	9.75	22.23	NA
Overall gearing (times)	0.99	0.82	NA
Interest coverage (times)	3.02	3.57	NA

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

About the company: Luxor International Private Limited (LIPL)

Luxor International Private Limited was incorporated in 1980 primarily to do job work for Luxor pen company. It is engaged into manufacturing writing instruments, including ball, fountain, roller and gel pens, highlighters, markers and colouring material, exports products under its own brand -'Luxor'. LIPL also undertakes contract manufacturing for leading international names such as Carrefour (France), Walmart and Newell (USA) etc. LIPL exports writing instruments and undertakes contract manufacturing for various brands across the world. In FY23, it has come into association with Schneider, Germany and launched LX Max (pen) having German technology. The company was into long term association with Pilot, Japan, however discontinued the same in June 2023.

Brief Financials (Standalone) (₹ crore)	March 31, 2023 (A)	March 31, 2024 (P)	Q1FY25 (UA)
Total operating income	218.47	246.89	55.96
PBILDT	15.46	17.24	3.27
PAT	3.13	4.91	NA
Overall gearing (times)	1.22	1.10	NA
Interest coverage (times)	2.33	2.93	NA

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

Status of non-cooperation with previous CRA: CRISIL assigned the ratings to the bank facilities of Luxor International Private Limited into 'Issuer not-cooperating' category vide press release dated November 15, 2024, on account of non-availability of requisite information from the company.

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-Proposed fund based limits		-	-	-	20.09	CARE BBB-(RWN)
Fund-based - LT-Working Capital Limits		-	-	-	45.00	CARE BBB-(RWN)
Non-fund-based - ST-BG/LC		-	-	-	2.00	CARE A3 (RWN)
Term Loan-Long Term		-	-	31/12/2025	7.91	CARE BBB-(RWN)

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-Working Capital Limits	LT	45.00	CARE BBB-(RWN)	-	1)CARE BBB-; Stable (12-Sep-24)	-	-
2	Term Loan-Long Term	LT	7.91	CARE BBB-(RWN)	-	1)CARE BBB-; Stable (12-Sep-24)	-	-
3	Non-fund-based - ST-BG/LC	ST	2.00	CARE A3 (RWN)	-	1)CARE A3 (12-Sep-24)	-	-
4	Fund-based - LT-Proposed fund based limits	LT	20.09	CARE BBB-(RWN)	-	1)CARE BBB-; Stable (12-Sep-24)	-	-

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-Proposed fund based limits	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities combined

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Luxor Writing Instruments Private Limited	Full	Group entity

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 for clarifications.

Contact us

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