# Kundana Techno Tex Private Limited

October 09, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long-term bank facilities | 47.00 (Enhanced from 45.00) | CARE BBB-; Stable | Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE BB-; Stable |
| Long-term / Short-term bank facilities | 2.00 | CARE BBB-; Stable / CARE A3 | Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE BB-; Stable / CARE A4 |
| Long-term bank facilities | - | - | Withdrawn |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

Ratings previously assigned to bank facilities of Kundana Techno Tex Private Limited (KTTPL) were denoted as CARE BB-; Stable; ISSUER NOT COOPERATING, since the company did not provide requisite information for monitoring ratings. In line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) reviewed ratings based on best available information. However, the company has now submitted the requisite information to monitor ratings and CareEdge Ratings has carried out a full review of the rating, the rating stands at 'CARE BBB-; Stable/ CARE A3'.

Revision in ratings assigned to bank facilities of KTTPL factor in improvement in the company's operational and financial performance in FY25 (Audited; refers to April 01 to March 31) characterised by improvement in total operating income, growth in profitability and debt coverage indicators. Rating revision also considers improvement in the company's capital structure, and support from promoter group having long track record of operations in the recycling industry through its parent company, Pashupati Polytex Private Limited (PPPL) and benefit from strong financial and operational linkages with it. However, these strengths are partially offset by raw material price volatility risk, intense competition in industry due to low entry barriers and customer concentration risk.

CareEdge Ratings has withdrawn the rating assigned to long-term bank facilities, term loans from Yes Bank of ₹43.45 crore and Punjab National Bank of ₹20.59 crore, since the company paid off all term loans with these two banks and submitted the no dues certificate (NDC) for the same.

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

### Positive factors

- Increase in operating income above ₹350 crore with increase in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 10% on a sustained basis.
- Sustenance of financial risk profile with total debt/PBILDT below 2x.

### Negative factors

- Decline in total operating income below ₹250 crore with PBILDT margin below 8%.
- Higher-than-envisaged debt funded capex, leading to deterioration in capital structure with gearing above unity.

**Analytical approach:** Standalone, factoring linkages with the parent, Pashupati Polytex Private Limited (PPPL), considering strong operational, managerial and financial linkages.

**Outlook:** Stable

CareEdge Ratings believes that the entity will continue to benefit from promoters' extensive experience in the industry.

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

## Detailed description of key rating drivers:

### Key strengths

**Substantial improvement in scale of operations and profitability**

The company has demonstrated strong revenue growth and a significant turnaround in profitability in the last two years. KTTPL's total operating income (TOI) grew by ~40% to ₹273.21 crore in FY25 (PY: ₹190.94 crore), primarily driven by improvement in sales volume to 29,348 MT from 25,459 MT and increase in realisations to ₹79,018/MT from ₹66,834/MT in FY24. Domestic sales contributed ~39% of the total revenue in FY25 (PY:41%), while exports saw significant contributions from Oman (12%), the UK (11%), the US (14%), Turkey (16%), and rest of the world (8%), reflecting expanded volumes to new and existing customers. In Q1FY26, KTTPL has booked topline of ₹77.87 crore. The scale is expected to improve in the medium term, based on expected increase in domestic and export business, driven by increasing demand of recycled plastics considering environmental awareness and regulatory pressure to reduce plastic waste.

The PBDIT margins improved to 10.22% in FY25 (PY: 7.46%), considering better absorption of fixed overheads due to production of higher volumes leading to operating efficiencies and cost optimisation techniques adopted by the company. The company turned profitable at net level in FY25 with profit after taxation (PAT) margins of 3.41% (PY: net loss of 4.26%). Margins are expected to sustain in the medium term based on continued scaling benefits and nature of operations.

**Improvement in capital structure and debt coverage indicators**

Capital structure has seen marked improvement, with significant deleveraging reducing the debt-equity ratio from an elevated 5.92x in FY24 to 0.05x in FY25. The repayment of term loans and moderate reliance on working capital borrowings enhanced the financial risk profile. The company's overall gearing improved significantly to 0.34x as on March 31, 2025 (PY: ~8.68x), considering prepayment of term loans of ₹59.41 crore, treatment of unsecured loans (USL) of ₹103.13 crore as quasi equity and accretion of profit to reserves leading to increase in net worth. The financial risk profile is expected to remain comfortable in the medium term, despite a likely slight deterioration based on expected increase in unsecured loans for partial funding of capex.

**Strong promoter group with long track record of operations**

The group's promoters Bankey Bihari Goenka and Piyush Goenka, son of V.P. Goenka, have over two decades of experience in recycling industry. Initially, Pashupati group & Choudhury group had 50-50 partnership in this company. In April 2023, the Pashupati group became active in the company's daily operations and subsequently acquired full control over KTTPL. The Pashupati group also has an experienced management team comprising professionals, having considerable and relevant experience in important business functions including finance, marketing, production, technology among others, which aids in smooth operations of the group.

**Linkages and support from the parent entity**

KTTPL is a 100% subsidiary of PPPL, which is in the recycling business for around two decades, and is into manufacturing recycled polyethylene terephthalate flakes (rPET flakes) and Recycled Polyester Staple Fiber (rPSF). The group has established KTTPL to expand its capabilities and establish its presence in southern India. PPPL has consistently demonstrated its support by providing corporate guarantee for KTTPL's bank facilities. PPPL has also been supporting the entity through regular infusion of equity and loans. As on March 31, 2025, the unsecured loans from PPPL stands at ₹96.67 crore and equity at ₹84.42 crore.

### Key weaknesses

**Raw material price volatility risk**

The company is engaged in manufacturing washed flakes, which are drawn from PET bottle waste and realisations are linked with movement in virgin PSF prices, which is impacted with crude oil and cotton prices. Thus, operating margins and realisation of products may get impacted in a downtrend in prices. However, the parent entity has been present in similar industry since long and withstand changes in the industry over the years.

**Intense competition in industry due to low entry barriers**

Entry barriers in the industry are low, considering limited capital and technology requirement and low differentiation in the end-product, leading to intense competition and limiting the pricing power resulting in low profitability.

**Client concentration risk**

Top five customers account for ~69% of the sales in FY25 (PY: ~78%), indicating client concentration in the portfolio. However, the company is continuously diversifying its customer portfolio by reaching out to new potential customers. Most export sales are against advance payment/letter of credit (LC)/sight LC. The company majorly exports flakes to countries including the US, the UK and Oman among others.

**Liquidity**: Adequate

The company generated gross cash accruals (GCA) of ₹17.49 crore in FY25 and is expected to generate GCA of ~₹22.32 crore in FY26, against which there is no term loan repayment obligation. The company has sanctioned fund-based working capital limits of ₹45 crore, against which average maximum utilisation stands at ~92% for 12 months ending July 2025. The cash flow from operations stood positive at ₹27.27 crore in FY25 (PY: negative ₹22.80 crore) owing to improvement in operating profits. The company has unencumbered cash and bank balance of ₹0.37 crore as on March 31, 2025. The company has planned capex of ₹85 crore in FY27 and FY28 towards enhancing the capacity of the plant, to be funded through internal accruals and unsecured loans from promoters.

**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
Withdrawal Policy
Short Term Instruments
Factoring Linkages Parent Sub JV Group

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Diversified | Diversified | Diversified | Diversified |

Incorporated in December 2017, KTTPL is engaged in manufacturing recycled polyester flakes through waste PET bottles. The company commenced its operations in February 2021 with an annual installed capacity of 39,600 metric tonnes, spread across a 45-acre facility. The registered office is in Kolkata, and the manufacturing facility is in Hyderabad. The company is promoted by Piyush Kumar Goenka and Bankey Bihari Goenka.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | Q1FY26(UA) |
|---|---|---|---|
| Total operating income | 190.95 | 273.21 | 77.87 |
| PBILDT | 14.25 | 27.92 | 8.98 |
| PAT | -8.14 | 9.32 | - |
| Overall gearing (times) | 8.68 | 0.34 | - |
| Interest coverage (times) | 1.10 | 2.67 | - |

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

**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 | | - | - | - | 47.00 | CARE BBB-; Stable |
| Fund-based - LT-Term Loan | | - | - | 31-03-2029 | 0.00 | Withdrawn |
| Non-fund-based - LT/ ST-Bank Guarantee | | - | - | - | 2.00 | CARE BBB-; Stable / CARE A3 |

**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 | - | - | - | 1)CARE BB-; Stable; ISSUER NOT COOPERATING* (21-Mar-25) | 1)CARE BB; Stable (21-Mar-24) | - |
| 2 | Fund-based - LT-Cash Credit | LT | 47.00 | CARE BBB-; Stable | - | 1)CARE BB-; Stable; ISSUER NOT COOPERATING* (21-Mar-25) | 1)CARE BB; Stable (21-Mar-24) | - |
| 3 | Non-fund-based - LT/ ST-Bank Guarantee | LT/ST | 2.00 | CARE BBB-; Stable / CARE A3 | - | 1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (21-Mar-25) | 1)CARE BB; Stable / CARE A4 (21-Mar-24) | - |

*Issuer did not cooperate; based on best available information.
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-Cash Credit | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |
| 3 | Non-fund-based - LT/ ST-Bank Guarantee | Simple |

## Annexure-5: Lender details

| |
|---|
| To view lender-wise details of bank facilities please click here |

**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.

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**About us:**

Established in 1993, CareEdge 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 Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge 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, CareEdge 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. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com



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