

P.K.P.N. Spinning Mills Private Limited

January 25, 2023

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	40.80	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	26.07	CARE A4; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1

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

Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated November 02, 2021, placed the rating(s) of P.K.P.N. Spinning Mills Private Limited (PSMPL) under the 'issuer non-cooperating' category as PSMPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. PSMPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated September 18, 2022, September 28, 2022, October 08, 2022.

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.

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

Detailed description of the key rating drivers

Please refer to PR dated [November 02, 2021](#)

Analytical approach: Standalone: Revised from Combined approach; Earlier CARE has combined the business and financial risk profiles of group companies PKPN Spinning Mills Private Limited and PK Laxmi Mill India Private Limited. This is because the two companies, together referred to as the PKPN group, are in the same line of business, have a common management, and have significant business synergies, including fungible cash flows. Further, due to lack of sufficient information of all the group companies, the analytical approach has been changed to standalone.

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Criteria on assigning outlook and credit watch](#)

About the Company

PKPN Spinning Mills Private Limited (PSMPL) incorporated in 1981 is the flagship company of PKPN group, which is owned and managed by Mr. P K Jayagopal and his family members. Based in Erode (Tamil Nadu), PSMPL manufactures viscose yarn, blended yarn, and speciality yarn such as lycra and acrylic yarn. PK Laxmi Mills India Pvt Ltd (PLMPL) was incorporated in 1989 in the name "Goodwill Textile Mills Private Limited". Later the promoters of PSMPL took over the company in 2010 and renamed it as PK Laxmi Mills India Pvt Ltd. The company manufactures different kinds of yarn- Viscose Staple Fibre yarn, Flax Yarn, Bamboo Yarn, Cotton/Viscose blended Yarn etc which are used in weaving different types of Fabrics. The PKPN group had installed capacity of 40,320 spindles & 544 vortex drums (from both PSMPL & PLMPL) as on March 31, 2019.

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

Brief Financials (Rs. crore)	March 31, 2021 (A)	March 31, 2022 (A)	9M2023 (Prov.)
Total operating income	130.53	204.09	NA
PBILDT	14.88	22.47	NA
PAT	5.27	10.14	NA
Overall gearing (times)	0.69	0.75	NA
Interest coverage (times)	3.46	5.50	NA

*Issuer did not cooperate; Based on best available information

Status of non-cooperation with previous CRA: Brickwork has continued the ratings assigned to the bank facilities of PKPNSMPL to the 'issuer not-cooperating' category vide press release dated July 25, 2022 on account its inability to carryout review in the absence of best available information from the company.

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various 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 (Rs. crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	28.94	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	June 2024	11.86	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bill Discounting / Bills Purchasing		-	-	-	13.50	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-ILC/FLC		-	-	-	12.57	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	11.86	CARE BB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable; ISSUER NOT COOPERATING * (02-Nov-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (16-Oct-20)	1)CARE BBB-; Stable (28-Aug-19)
2	Fund-based - LT-Cash Credit	LT	28.94	CARE BB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable; ISSUER NOT COOPERATING * (02-Nov-21)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (16-Oct-20)	1)CARE BBB-; Stable (28-Aug-19)
3	Non-fund-based - ST-Bill Discounting / Bills Purchasing	ST	13.50	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4; ISSUER NOT COOPERATING * (02-Nov-21)	1)CARE A4+; ISSUER NOT COOPERATING * (16-Oct-20)	1)CARE A3 (28-Aug-19)
4	Non-fund-based - ST-ILC/FLC	ST	12.57	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4; ISSUER NOT COOPERATING * (02-Nov-21)	1)CARE A4+; ISSUER NOT COOPERATING * (16-Oct-20)	1)CARE A3 (28-Aug-19)

*Issuer did not cooperate; based on best available information

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various 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-Bill Discounting / Bills Purchasing	Simple
4	Non-fund-based - ST-ILC/FLC	Simple

Annexure-5: Lender details

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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