

June 17, 2026

Krishnapoultry Tex Mill India Private Limited: Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loans	20.06	[ICRA]BB- (Stable); assigned
Long-term – Fund-based – Working capital limits	29.50	[ICRA]BB- (Stable); assigned
Long-term – Unallocated	10.44	[ICRA]BB- (Stable); assigned
Total	60.00	

*Instrument details are provided in Annexure-II

Rationale

The rating assigned to the bank facilities of Krishnapoultry Tex Mill India Private Limited (KTM IPL) reflects its established presence in the cotton spinning industry and the extensive experience of its promoters in the textile industry. KTM IPL's operating income (OI) increased to Rs. 105.3 crore in FY2026 from Rs. 76.2 crore in FY2023, supported by steady demand and addition of open-end (OE) rotor capacity in FY2024, the stabilisation of the OE yarn unit. In addition, the company's economies of scale and moderation in raw material prices helped improve the operating profit margin (OPM) to 10.8% in FY2025 from 4.7% in FY2024, though the OPM moderated to 8.8% in FY2026 amid demand pressures and volatile raw material prices. Going forward, KTM IPL's revenues are likely to grow at a steady pace, supported by ongoing addition of compact yarn machinery. Moreover, the ratings are further supported by KTM IPL's captive power generation capacities supporting around 47% of its power requirements in FY2026, resulting in a relatively better cost structure.

The rating is, however, constrained by the moderate scale of operations, which continues to restrict the benefits from economies of scale, and the modest net worth base of the company. KTM IPL's modest net worth and higher reliance on working capital borrowings have resulted in elevated leverage indicators. Going forward, the financial risk profile is expected to remain moderate, driven by high working capital requirements and planned debt-funded capex. Furthermore, the rating is constrained by KTM IPL's sizeable investments of Rs. 5.8 crore in its real estate business as of March 31, 2026, which continues to exert pressure on its liquidity profile. The assigned rating is also constrained by the commodities-related nature of the company's products and the fragmented industry structure, resulting in limited pricing power, which keeps its profitability under check. Additionally, the ratings factor in the working capital intensity of KTM IPL's operations due to the seasonal nature of cotton availability, necessitating stocking during the harvest season, rendering the profitability vulnerable to fluctuations in cotton prices.

The Stable outlook on the long-term rating reflects ICRA's expectations that the company is likely to improve its earnings and debt coverage metrics, supported by incremental revenues from planned capex. Further, the outlook underlines ICRA's expectation that the entity's incremental capex will be funded in a manner that it is able to maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Established presence in spinning industry with extensive experience of its promoters – KTM IPL has a long track record of operations, spanning over more than a two decades in the spinning industry, with an established presence in manufacturing medium count yarns. The promoters enjoy enduring relationships with various stakeholders across the value chain, aiding in repeated orders from key customers. The company's profitability remains supported by the captive power generating windmill units and solar capacities, through which it meets around 47% of its power requirements.

Increasing revenue led by steady demand from domestic market – KTM IPL had registered revenues of Rs. 105.3 crore in FY2026, compared to Rs. 76.2 crore in FY2023, supported by additional capacity of 1,600 rotors in H1 FY2024. Going forward, KTM IPL's revenues are likely to grow at a steady pace, supported by the additional compact yarn machinery, which is expected to commence from Q2 FY2027. The same is likely to enhance production volumes and improve yarn quality, thereby supporting better realisations. Moreover, the OPM are likely to be supported by better scale efficiencies and captive power sources, which are expected to increase further with a proposed capex in FY2027.

Credit challenges

Modest financial risk profile with low net worth base – KTM IPL's financial profile is constrained by a moderate net worth base and heightened reliance on working capital debt, causing elevated capitalisation and leverage ratios characterised by TOL/TNW of 3.7 times and Total Debt/OPBDITA of 5.2 times as on March 31, 2026. Although its revenues and earnings are likely to improve in the medium term with planned capex towards compact machinery and solar power unit, the coverage metrics are expected to remain modest due to sizeable debt repayment obligations in FY2027 and over the medium term.

Sizeable investment in real estate business – KTM IPL has made sizeable investments in its real estate business, which stood at Rs. 5.8 crore as on March 31, 2026 (Rs. 5.0 crore as on March 31, 2025), thereby exerting pressure on its liquidity profile. While the returns from these investments are expected to flow back to KTM IPL over FY2027 and FY2028, the timely receipt of investments, or the availability of need-based support from the promoter to meet its planned capex and working capital funding requirements, will remain a key rating monitorable.

Working capital-intensive operations; susceptible to volatility in cotton and cotton yarn prices – Like other entities in the spinning sector, KTM IPL stocks cotton during the harvest season from October to March. This practice exposes the company to fluctuations in cotton availability and, hence, cotton yarn prices during the non-harvest period, as the procurement cost for the company becomes fixed. This results in high reliance on working capital borrowings, which keep the leverage high, particularly during the year-end. The spinning industry is highly fragmented, with a significant share of the unorganised segment. KTM IPL's product portfolio continues to be concentrated towards low-to-medium value-added yarns. As a result, it enjoys limited pricing power, which is likely to keep its profitability under check.

Liquidity position: Stretched

KTM IPL's liquidity position is expected to remain stretched, given the limited buffer available in the working capital limits and sizeable debt repayment obligations in the near term compared to cash generation from business. The average utilisation of its sanctioned working capital limits stood at around 95% over the past 12 months ending in April 2026. The company is likely to generate net cash accruals of Rs. 5-8 crore in FY2027, against repayment obligations of about Rs. 4.3 crore in FY2027 and about Rs.6 crore in FY2028. Further, the company has capex plans of around Rs. 14-15 crore, which are planned to be funded through term loans of around Rs. 10 crore and the balance through internal accruals. The company is expected to remain dependent on timely fund infusion from the promoter or return of investments to meet its working capital and debt servicing requirements.

Rating sensitivities

Positive factors – The ratings may be upgraded, if there is a sustained growth in the company's earnings leading to strengthening of its net worth and improvement in its debt protection metrics and liquidity position.

Negative factors – The ratings could be downgraded if there is sustained pressure on earnings or further elongation of working capital cycle or any additional investment/loans and advances to other entities and large debt-funded capex, adversely impacting its liquidity position and debt protection metrics.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Spinning
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Krishnapoultry Tex Mill India Private Limited was incorporated in August 2005, from the Erode District of Tamil Nadu. The company is involved in cotton yarn spinning, predominantly in the 40s count range (carded) and OE yarn segment. KTM IPL has an installed capacity of 23,328 spindles and 1,600 rotors (added in FY2024). KTM IPL sells its yarn mainly to domestic customers. The company also has wind power capacity of 4.9 MW and solar power capacity of 2 MW for captive consumption. It is promoted and managed by Mr. Palanisamy Krishnamoorthy and Ms. Susila K, who are actively involved in the company's day-to-day operations.

Key financial indicators (audited/ provisional)

KTM IPL standalone	FY2025	FY2026*
Operating income	93.2	105.3
PAT	1.1	0.9
OPBDIT/OI	10.8%	8.8%
PAT/OI	1.1%	0.8%
Total outside liabilities/Tangible net worth (times)	4.5	3.7
Total debt/OPBDIT (times)	5.2	5.2
Interest coverage (times)	2.2	2.1

Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

* Provisional financials; Financial ratios are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun 17, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	20.06	[ICRA]BB- (Stable)	-	-	-	-	-	-
Working capital	Long-term	29.50	[ICRA]BB- (Stable)	-	-	-	-	-	-
Unallocated	Long-term	10.44	[ICRA]BB- (Stable)	-	-	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI

10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA
	<p>(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.</p> <p>(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.</p>	

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term – Fund based – Term loans	Simple
Long-term – Fund based – Working Capital	Simple
Long term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loans	FY2023-FY2026	NA	FY2027-FY2032	20.06	[ICRA]BB- (Stable)
NA	Working Capital	NA	NA	NA	29.50	[ICRA]BB- (Stable)
NA	Unallocated	NA	NA	NA	10.44	[ICRA]BB- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis – Not applicable

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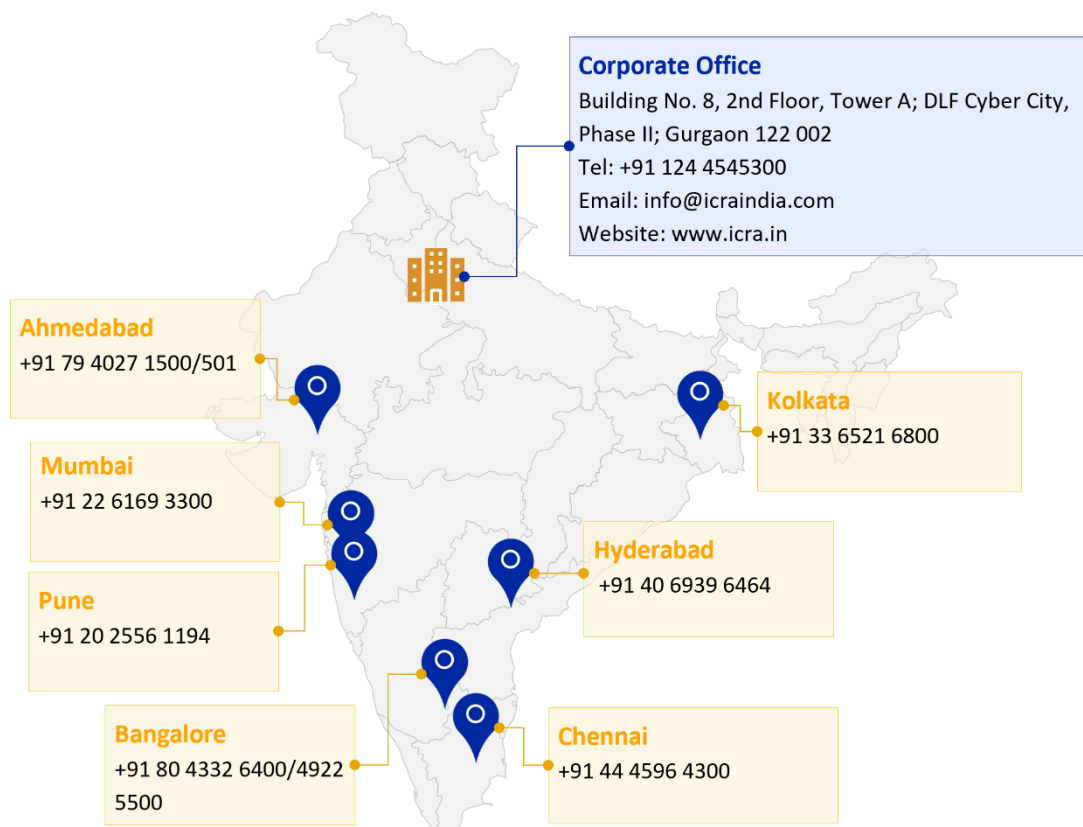


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