

December 1, 2025

## Jeyavishnu Clothing Private Limited: Long-term rating upgraded to [ICRA]A (Stable); outlook changed to Stable; short-term rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – cash credit	16.00	16.00	[ICRA]A (Stable); upgraded from [ICRA]A- (Positive); outlook revised to stable from positive
Long-term – term loan	30.29	27.64	[ICRA]A (Stable); Upgraded from [ICRA]A- (Positive); Outlook revised to stable from positive
Short-term – fund based	30.00	30.00	[ICRA]A2+; reaffirmed
Long-term/Short-term – Unallocated	0.66	3.31	[ICRA]A (Stable)/ [ICRA]A2+; Long-term rating upgraded from [ICRA]A- (Positive); outlook revised to stable from positive; short-term rating reaffirmed
<b>Total</b>	<b>76.95</b>	<b>76.95</b>	

\*Instrument details are provided in Annexure I

### Rationale

ICRA has taken a consolidated view of K. M. Knitwear Private Limited (KMKPL), Jeyavishnu Clothing Private Limited (JCPL) and K. M. Knitwear (KMK), hereafter referred to as the KMK Group, because of the common management and strong operational and financial linkages among the entities.

The long-term rating upgrade on the bank lines of the KMK Group considers the healthy operational and financial performances in FY2025 and H1 FY2026, and expectation of a sustained healthy revenue growth and improvement in return metrics over the medium term, supported by better utilisation of its capacities and power cost savings likely to accrue from capex incurred in the recent years. Besides, benefits from implementation of a trade deal with the UK are also likely to support its revenues growth over the medium term. In FY2025, the consolidated revenues grew by 37% on a YoY basis to Rs. 1,120.2 crore and it rose by 5% on a YoY basis to Rs. 623.5 crore in H1 FY2026. However, the Group's operating margin declined by 320 basis points to 14.3% in FY2025, primarily due to increased raw material prices, rising labour costs, higher operational expenses, and a growing proportion of revenues from yarn business, which has lower margins than the processing segment. Nevertheless, its margins remain healthy and are expected to remain at 14-15% over the near-to- medium term. Further, the recent capex incurred towards reducing power cost are likely to improve its operating margins over the medium term. Additionally, certain capex incurred by the group in recent years are eligible for various Government incentives. Timely receipt of the same is also likely to support its margins over the medium term. The ratings also derive strength from a sustained healthy capital structure, and coverage indicators. Further, extensive experience of the promoters, its established market position, long relationships with customers, and favourable demand conditions expected over the long term, provide some comfort.

The ratings, however, remain constrained by the vulnerability of the Group's profitability to any adverse change in foreign currency exchange rates, and export incentive structure. The Group currently derives around 12% of its revenues from the US market. Higher tariffs and penalties levied by the US Government are likely to moderate its margins on orders executed towards the US market and remains a key monitorable. The ratings also remain constrained by the intense competition in the industry, which limits the pricing flexibility of industry participants. Further, the customer concentration in the garments segment remains high with the top customer contributing 38% to its revenues in FY2025.

The Stable outlook on the long-term rating reflects ICRA's expectation of a sustained revenue growth and comfortable return metrics over the medium term. Further, the outlook underlines ICRA's anticipation that the entity's incremental capex, if any, will be funded in a manner that the Group is able to durably maintain its debt protection metrics commensurate with the existing ratings.

## Key rating drivers and their description

### Credit strengths

**Extensive experience of promoters in spinning and garment segments** – Promoted by Mr. K. M. Subramanian and family, the promoters have an extensive track record of over three decades in the textile industry across segments. Over the years, the promoters have fostered relationships with customers and suppliers. These operational strengths have supported the Group's revenues over the years.

**Diversified revenue profile** – The Group's business profile is diversified across the textile value chain and includes spinning, garment manufacturing and textile processing (dyeing and printing) operations. The wide product portfolio across segments drives growth, improves operating efficiency and limits the impact of slowdown in any one segment on the Group's overall earnings. The Group derives 45-50% of its revenues and earnings from garment manufacturing, while the contribution from spinning and textile processing stood at 25-30% and 12-15%, respectively. Further, the Group has windmills and solar power plants with an installed capacity of 46.3 MW, which meets around 80% of its the total power requirements.

**Comfortable financial profile** – The Group's financial profile remains healthy, characterised by adequate leverage indicators and coverage metrics. The Group's coverage metrics were comfortable with an interest coverage of 4.8 times and DSCR of 1.9 times as on March 31, 2025 and 6.8 times and 2.7 times, respectively, as on September 30, 2025. Considering no major capex plans in the near-to-medium term, the Group's coverage indicators are likely to remain comfortable along with an expected improvement in the business profile and liquidity position.

### Credit challenges

**Vulnerable to volatile raw material prices, demand trends in key export markets, exchange rate fluctuations and any change in export incentive structure** – The Group's profitability remains susceptible to any adverse movement in raw material prices and foreign exchange rates as the Group derives 40-50% of its revenues from the export markets. Volatility in exchange rates could adversely impact the Group's revenues and profitability, and competitiveness against other exporting countries. However, partial hedging via forward contracts mitigates the risk to an extent. Nevertheless, the Group faces concentration risk with its export sales, which are primarily concentrated in the US, the UK and European regions (accounted for more than 95% of the Group's export sales in FY2025 and H1 FY2026). This makes the Group's performance vulnerable to any adverse demand trend or development that affects consumer spending and preferences in the US, the UK and European markets. Like other apparel exporters, high dependence on export incentives exposes the Group's profitability and competitiveness in the international markets to any adverse change in the export incentive structure.

**Exposed to high customer concentration in garment segment** – The Group derives a major portion of its revenues and earnings from the garments segment and is exposed to relatively higher customer concentration. The same exposes its revenues to the performance of its key customers. The risk is mitigated to an extent by the established relationships with its existing clientele, reflected in repeat businesses generated over the years. Further, the Group has increased its focus towards new customer addition to reduce dependence on its top customers. The customer base in the garment segment includes leading global apparel retailers, which also provides comfort to an extent.

**Limited bargaining power due to significant competition in garment export business and higher US tariffs** – Intense competition from other textile exporters based in India and other low-cost garment exporting countries limit the KMK Group’s bargaining power/ pricing ability, thereby constraining its margins. Further, imposition of reciprocal and punitive tariffs over and above the base line tariff by the US Government would significantly affect the competitiveness of Indian apparel exporters and remains a key monitorable. Nevertheless, lower sales of the Group to the US markets (12-15% of the group’s revenues are derived from the US market) and long relationship with the buyers provide some comfort.

### Liquidity position: Adequate

The liquidity position of the Group is expected to remain adequate, supported by steady earnings from operations and an adequate cash buffer. The Group’s free cash and liquid investment of around Rs. 59 crore as on September 30, 2025 and average utilisation of its fund-based limits over the last 6-month period ending in September 2025 stood at around 85% of its combined sanctioned limits of Rs.163 crore. The cushion in working capital limits, expected healthy net cash accruals and financial flexibility with lenders are expected to support the Group’s liquidity profile over the medium term. ICRA draws comfort from the company’s limited capex plans, going forward, and annual repayment obligations of Rs. 37.9 crore in FY2026 and Rs. 38.8 crore in FY2027 against the projected cash generation of Rs. 90-100 crore from operations.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded if there is a healthy and sustained increase in the Group’s scale of operations and profits, together with an improvement in its liquidity profile and capital structure.

**Negative factors** – The ratings could be downgraded if there is any sustained pressure on earnings or higher-than-anticipated debt-funded capex or a deterioration in its working capital cycle, which would adversely impact its credit metrics and liquidity position. A specific credit metric for ratings downgrade includes DSCR of less than 2.0 times, on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Textiles – Apparels</a> <a href="#">Textiles - Spinning</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of three entities of the KMK Group, which are enlisted in Annexure II below, given common management and strong operational and financial linkages among the entities.

### About the company

JCPL, incorporated in 2007, is involved in textile processing (particularly dyeing and printing of fabrics) and manufacturing of garments, with its facilities in Tirupur. The company operates with a dyeing capacity of 50 tonnes per day and has printing capacity of 10,000 pieces per day, catering to the processing requirements of the Group and other textile players in the region. It has a garment manufacturing unit with an installed capacity of 816 lakh units per year (including capacities at KMKPL). The company also has one windmill with a generation capacity of 2 MW and has commissioned an 8-MW solar power plant in FY2023. The Group entity, KMKPL, incorporated in 2003, manufactures cotton yarn and garments at its facilities in Tirupur.

## Key financial indicators (audited)

Consolidated	FY2024	FY2025	H1 FY2026*
Operating income	820.4	1,120.2	623.5
PAT	59.4	49.3	53.5
OPBDIT/OI	17.5%	14.3%	18.2%
PAT/OI	7.2%	4.4%	8.6%
Total outside liabilities/Tangible net worth (times)	1.7	1.5	1.3
Total debt/OPBDIT (times)	2.9	2.5	1.6
Interest coverage (times)	4.8	4.8	6.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; \*Provisional numbers

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Current ratings (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 1, 2025	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long-term	16.00	[ICRA]A (Stable)	Jan 31, 2025	[ICRA]A- (Positive)	Dec 14, 2023	[ICRA]A- (Stable)	-	-
Term loan	Long-term	27.64	[ICRA]A (Stable)	Jan 31, 2025	[ICRA]A- (Positive)	Dec 14, 2023	[ICRA]A- (Stable)	Oct 11, 2022	[ICRA]BBB+ (Stable)
Fund based facilities	Short-term	30.00	[ICRA]A2+	Jan 31, 2025	[ICRA]A2+	Dec 14, 2023	[ICRA]A2+	Oct 11, 2022	[ICRA]A2
Interchangeable	Short-term	-	-	-	-	-	-	Oct 11, 2022	[ICRA]A2
Interchangeable	Long-term	-	-	-	-	-	-	Oct 11, 2022	[ICRA]BBB+ (Stable)
Unallocated	Short-term/Long-term	3.31	[ICRA]A (Stable)/[ICRA]A2+	Jan 31, 2025	[ICRA]A- (Positive)/[ICRA]A2+	Dec 14, 2023	[ICRA]A- (Stable)/[ICRA]A2+		

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term Loan	Simple
Long-term Fund Based – Cash Credit	Simple
Short-term – Fund based facilities	Simple
Long term/Short 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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long Term – Term Loans	FY2022-FY2026	NA	FY2032	27.64	[ICRA]A (Stable)
NA	Long Term – Cash Credit	NA	NA	NA	16.00	[ICRA]A (Stable)
NA	Short Term – Fund Based	NA	NA	NA	30.00	[ICRA]A2+
NA	Long term/Short term - Unallocated	NA	NA	NA	3.31	[ICRA]A (Stable)/ [ICRA]A2+

Source: Company

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

## Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
K. M. Knitwear Private Limited	100.00%	Full Consolidation
Jeyavishnu Clothing Private Limited	100.00%	Full Consolidation
K. M. Knitwear	100.00%	Full Consolidation

Source: Group

Note: ICRA has taken a consolidated view of the three Group entities of the KMK Group.

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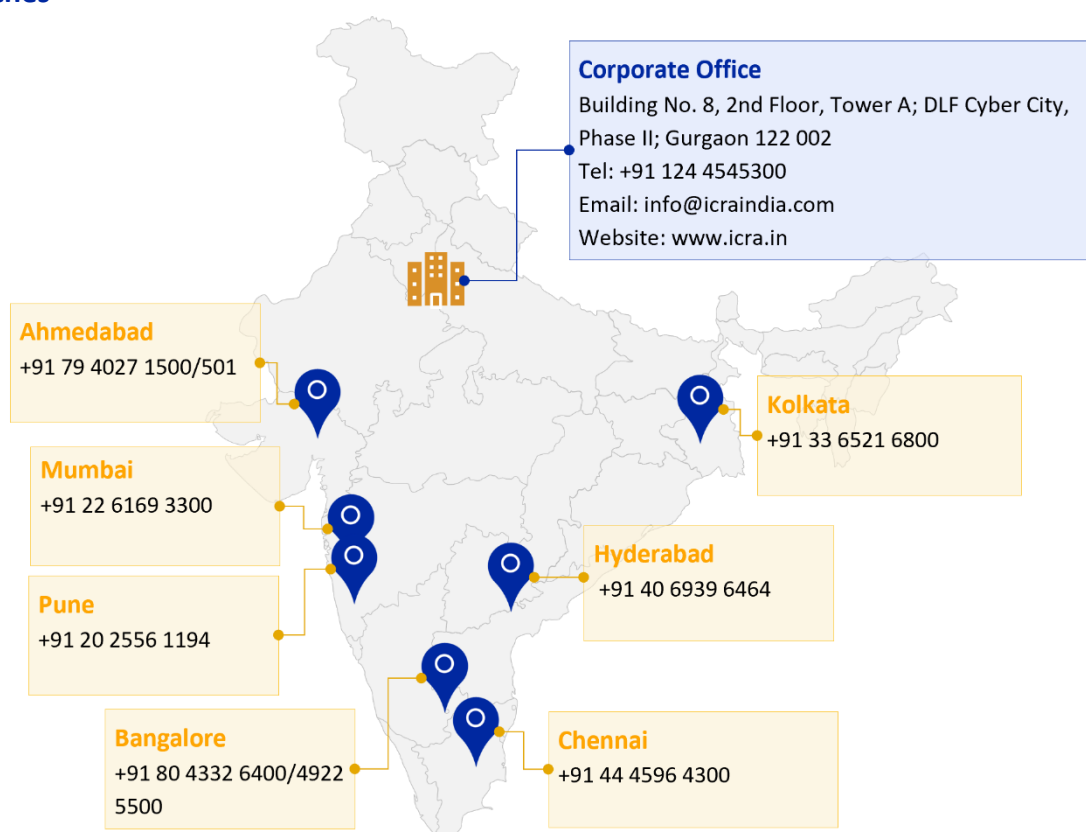
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