



Press Release
LUX INDUSTRIES LIMITED
February 13, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	464.18	ACUITE AA Stable Reaffirmed	-
Bank Loan Ratings	1.50	-	ACUITE A1+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	465.68	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating to ‘**ACUITE AA**’ (read as **ACUITE double A**) and short-term rating to ‘**ACUITE A1+**’ (read as **ACUITE A one plus**) on its bank facilities of Rs.465.68 Cr. of Lux Industries Limited. The outlook remains ‘**Stable**’.

Rating Rationale for reaffirmation

The rating reflects that the steady but stagnated scale of operations for FY24 due to a slowdown in the textile sector and subdued demand despite price fluctuations. The EBITDA Margin stood at 8.83 percent in FY24 as against 9.54 percent in FY23. The PAT margins also declined but remains well-positioned. The rating is supported by long track record of operations, experienced management, diversified product portfolio and strong distribution network along with widened geographical presence. The company’s financial risk profile remains healthy, marked by strong net worth and comfortable capital structure. The company has adequate liquidity in terms of steady cash accruals, surplus cash balances, low reliance on short term borrowings and no major debt funded capex plan. However, the rating is constrained by working capital- intensive nature of operations as marked by high Gross Current Asset (GCA) of 251 days in FY2024 as compared to 250 days in FY2023 and 258 days in FY22.

About the Company

Incorporated in 1995 as Lux Hosiery Industries Ltd., the company subsequently changed its name to Lux Industries Limited (LIL) in 2007. LIL is engaged in the manufacturing and marketing of innerwear, thermals, and casuals under various brands, with ‘LUX’ being its flagship brand. The company has more than 100 products across 16 brands to address the growing needs of customers. The company has nine manufacturing facilities that possess a cumulative capacity of 34 crore garment pieces a year. The company’s manufacturing units are in India, in Punjab, Tamil Nadu, Uttar Pradesh and West Bengal. Lux also has a presence across the globe, with exports to over 46+ countries. The company is currently managed by Mr. Ashok Kumar Todi and Mr. Pradip Kumar Todi.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of Lux Industries Limited (LIL) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

Lux Industries Limited is operating since 1995 and has established a mark in the hosiery business. The company has emerged as the largest mid-segment hosiery enterprise in India and has more than 100 products across 10

brands to address the growing need of customers. LIL is managed by Mr. Ashok Kumar Todi and Mr. Pradeep Kumar Todi, having an experience of over three decades in the hosiery business. The third generation of promoters have also been inducted into the business. Lux Industries Ltd is into manufacturing of men's innerwear, athleisure clothing and ladies' leggings. Acuite derives comfort from the company's long track record of operations and the extensive expertise of the management and believes these will continue to support LIL's growth plans going forward.

Strong distribution network along with a diversified geographical presence

The company has a strong network comprising more than 1170 distributors with less than 1 percent dealer attrition. Moreover, the products are available at 4,50,000 retail points spread across India. The company has more than 2 lakhs multi brand stores and 11 exclusive brand outlets (earlier 9 EBO). Also, the company is expanding its online presence through e-commerce websites such as Flipkart, Amazon, Myntra, Ajio, Tata Cliq and others. The company enjoys a wide presence in the northern, eastern, and western parts of the country, generating ~75 percent of its revenues from these zones. The company is trying to increase its presence in South India and has got Vijay Deverakonda as brand ambassador.

The company invested in information technology to strengthen its distribution efficiency, resulting in an informed perspective on prevailing market realities. Although the company has a strong presence in Western and Central India, its wide-reaching wholesale and retail distribution network maximises the company's capacity to serve each and every one of their customers as per their convenience while optimising sales and distribution costs. Of the total revenues, 6-7 percent constitute exports, which are mainly to African and South Asian countries. Lyra was recognized as 'India's Most Desired Bottom Wear Brand' by Trust Research Advisory's most desired brands.

Healthy Financial Risk Profile

The company's healthy financial risk profile is marked by strong network, low gearing and healthy debt protection metrics. The tangible net worth of the company improved to Rs.1582.15 Cr. as on 31st March, FY2024 as against Rs.1463.20 Cr. as on 31st March 2023 and Rs.1316.49 Cr. as on 31st March 2022 due to accretion to reserves. Gearing of the company marginally decreased to 0.09 times as on March 31, 2024, as against 0.14 times as on March 31, 2023 and 0.23 times as on 31st March 2022. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.37 times as on March 31, 2024, as against 0.42 times as on March 31, 2023. The healthy debt protection metrics of the company is marked by Interest Coverage Ratio stood healthy at 12.06 times and Debt Service Coverage Ratio (DSCR) improved to 6.90 times as on March 31, 2024. Going forward, Acuite believes that the financial risk profile of the company will remain at similar levels backed by improved network, comfortable capital structure and no major debt funded capex plans.

Weaknesses

Steady scale of operations

The operating income of LIL stood at Rs.2324.05 Cr. in FY24 as against Rs.2327.11 Cr. in FY23 and Rs.2273.00 Cr. in FY22. A slight improvement in revenues in FY23 was because of higher sales volumes and effective demand across key markets. The stagnation in revenue in FY24 was on account of slowdown in textile sector. The Company has experienced a slowdown in sales, as the market remains challenging, and demand remains subdued despite the price fluctuations.

The company has achieved Rs.1206.26 Cr. in H1FY25 as against Rs.1164.23 Cr. in H1FY24. The slight improvement is because of stabilization of the textile sector, which led to the stabilization of cotton prices. The increase in sales is also because of growth in economy segment.

The EBITDA Margin stood at 8.83 percent in FY24 as against 9.54 percent in FY23 and 21.02 percent in FY22. The margins had declined in due to increase in cotton raw material prices. This increase has put pressure to either absorb the higher costs or pass on the price increase to its customers. This has affected overall profitability. The brand building initiatives of the company has provided sustainable growth by making the consumers aware of the branded innerwear which in turn led the movement of the customers from the unorganised sector to organised sector. The PAT Margin stood at 5.75 percent in FY24 as against 6.19 percent in FY23 and 15.02 percent in FY22, driven by operations. In H1FY25, the EBITDA and PAT margins are 8.99% and 7.07% respectively. The margins have increased due to better costs management along with demand for products and strategic pricing. Acuite believes that the scale of operations will marginal improve over the medium term.

Intensive Working Capital Cycle

The working capital- intensive nature of operations marked by high Gross Current Asset (GCA) of 251 days in FY2024 as compared to 250 days in FY2023 and 258 days in FY22. The inventory days improved at 110 days in FY2024 as against 113 days in FY2023 and 166 days in FY22 due to better inventory management. The need to maintain high inventory levels arises from the nature of the business, where the manufacturing cycle is long, and the company manages various types of products. With 5,000 stock-keeping units (SKUs), including variations in colour and size, the total number of SKUs exceeds 13,000. The company markets various types of products, requiring it to keep significant amount of inventory for each product type, in addition to raw material inventory. The debtor days stood at 113 days in FY2024 as against 123 days in FY2023 and 103 days in FY22. Against this, creditor days stood at 113 days in FY2024 as against 94 days in FY2023 and 116 days in FY22. The increase in

creditor days was a result of material procurement towards the end of the year. Acuite believes that the working capital cycle will remain intensive over the medium term.

ESG Factors Relevant for Rating

The company has taken several stringent steps to reduce its environmental footprint, including installing a 1 MW rooftop solar power plant at its Dankuni, West Bengal, unit and using process technology to help save water. Around 2 lakh litres of water are saved every day through the state-of-the-art processing technology. 30–40 percent of the company's total power requirements are met through renewable sources. LIL's products are made of 100 percent natural fibre, and they use recyclable packaging. Energy-saving LED lighting systems in the plants save energy. Capacitors are installed to reduce plant loads. Developed one operation theatre at Tata Medical Centre by contributing Rs. 2.50 crore, including infrastructure and medical equipment. Commitment for support of Rs. 2 crore towards the building of a free residential school project for over 1000+ unprivileged girls in Joka, West Bengal, out of which Rs. 75 lacs have already been spent. Contributed to a school project under the "Help Us Help Them" foundation. Built the Saraswati Sishu Mandir School at Bali (Murshidabad). Contributed Rs. 1.5 crore to the Dhanuka Dhunseri Foundation for the promotion of chess activities. 2000+ trees were planted on 35–40 acres of land.

Rating Sensitivities

- Movement in operating income and profitability margins
- Working capital management

Liquidity Position

Strong

The company's liquidity position is strong marked by healthy net cash accruals and cash balances. The cash and bank balances stood at Rs.50.73 Cr. in FY2024. The net cash accruals dipped in FY2024 but stood healthy at Rs.154.82 Cr. in FY2024 as against low debt repayment obligation of around Rs.6.86 Cr. over the same period. The net cash accruals of H1FY25 was at Rs.96.45 Cr. The current ratio of the company stood at 3.20 times in FY2024 as against 2.95 times in FY2023. The fund-based bank limit utilisation stood at 39 per cent over the six months ended December 2024. Acuite believes that going forward the company's liquidity position will remain strong on account of the healthy cash accruals, strong current ratio and lower reliance on debt.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	2324.05	2371.11
PAT	Rs. Cr.	133.57	146.76
PAT Margin	(%)	5.75	6.19
Total Debt/Tangible Net Worth	Times	0.09	0.14
PBDIT/Interest	Times	12.06	10.97

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Nov 2023	Bank Guarantee (BLR)	Short Term	1.50	ACUITE A1+ (Reaffirmed)
	Proposed Term Loan	Long Term	15.17	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	170.00	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE AA Stable (Reaffirmed)
	Term Loan	Long Term	0.46	ACUITE AA Stable (Reaffirmed)
	Term Loan	Long Term	9.54	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	35.00	ACUITE AA Stable (Reaffirmed)
	Term Loan	Long Term	13.35	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	45.00	ACUITE AA Stable (Reaffirmed)
	Term Loan	Long Term	20.66	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	110.00	ACUITE AA Stable (Reaffirmed)
15 Jun 2023	Bank Guarantee (BLR)	Short Term	1.50	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Cash Credit	Long Term	110.00	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Term Loan	Long Term	0.46	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Term Loan	Long Term	9.54	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Cash Credit	Long Term	5.00	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Cash Credit	Long Term	35.00	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Proposed Term Loan	Long Term	15.17	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Cash Credit	Long Term	170.00	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Term Loan	Long Term	13.35	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Term Loan	Long Term	20.66	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Cash Credit	Long Term	45.00	ACUITE AA Stable (Downgraded from ACUITE AA+ Stable)
	Bank Guarantee (BLR)	Short Term	1.50	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	110.00	ACUITE AA+ Stable (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE AA+ Stable (Assigned)
	Proposed Long Term Loan	Long Term	15.17	ACUITE AA+ Stable (Reaffirmed)
	Cash Credit	Long Term	170.00	ACUITE AA+ Stable (Reaffirmed)

03 Jun 2022	Term Loan	Long Term	13.35	ACUITE AA+ Stable (Reaffirmed)
	Term Loan	Long Term	0.46	ACUITE AA+ Stable (Assigned)
	Term Loan	Long Term	20.66	ACUITE AA+ Stable (Reaffirmed)
	Term Loan	Long Term	9.54	ACUITE AA+ Stable (Assigned)
	Cash Credit	Long Term	45.00	ACUITE AA+ Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE AA+ Stable (Assigned)
	Cash Credit	Long Term	35.00	ACUITE AA+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE A1+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE AA Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	31.00	Simple	ACUITE AA Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE AA Stable Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	99.00	Simple	ACUITE AA Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE AA Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.00	Simple	ACUITE AA Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE AA Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	56.34	Simple	ACUITE AA Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Jun 2026	0.98	Simple	ACUITE AA Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2026	0.28	Simple	ACUITE AA Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Jun 2026	1.58	Simple	ACUITE AA Stable Reaffirmed

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