Press Release
KAYAAR EXPORTS PRIVATE LIMITED
September 15, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	30.00	ACUITE BBB+ | Stable | Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	30.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of **'ACUITE BBB+' (read as ACUITE triple B plus**o)n Rs.30 Cr. bank facilities of Kayaar Exports Private Limited (KEPL). The outlook is '**Stable'.**

Rationale for reaffirmation of rating:
The reaffirmation of rating factors in the improvement in profitability albeit stagnant revenues, supported by consistently healthy financial risk profile with no reliance on external debt and strong liquidity position. The rating also factors in the extensive experience of the management in the yarn manufacturing industry. However, the rating remains constrained by intensive working capital operations and susceptibility of the margins to volatility in raw material prices.

About the Company

Established in 1991, KEPL is a family-owned integrated business promoted by Mr. Ramasamy Arunachalam, Mr. Ramasamy Krishnamoorthy, and Mr. Ramasamy Chennammal. The company is engaged in manufacturing of cotton yarn with it's production facility located at Kovilpatti, near Madurai (Tamil Nadu). The company primarily produces cotton yarn in the 60s to 80s counts range, with the capability to spin the combed yarn from 20s to 100s counts. KEPL has an installed spinning capacity of 50928 spindles.

Unsupported Rating
Not applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of KEPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations:
KEPL has an operating record of three decades in the manufacturing of cotton yarns. KEPL operates with 50,928 spindles capacity. The company's promoters have more than three decades of experience in the combed cotton yarn manufacturing business, leading to long-standing relationships with customers and suppliers. Acuité believes that KEPL will continue to benefit from the extensive experience of its promoters, and established relationships with clients will improve its business risk profile over the medium term.

Stagnant revenues albeit improvement in profitability:
KEPL registered revenue of Rs.128.69 Cr. in FY2025 (Prov.) against Rs.126.71 Cr. in FY2024. The absence of

production capacity expansion over the past two years, during which average capacity utilization stood at ~96 percent, which has led to stagnation of revenue. During 4MFY2026, the company registered revenue of ~Rs.48.15 Cr. which is nearly ~6 percent lower than revenue registered during the 4MFY2025 and expected to end the year with the revenue of Rs.128-130 Cr. The operating profit margin has improved to 14 percent in FY2025 (Prov.) from 11.82 percent in FY2024, due to low raw material cost and lower power expenses during the year. During the 4MFY2026 the EBITDA margin stood at ~18 percent. Consequently, the PAT margins improved to 7.41 percent in FY2025 (Prov.) from 4.79 percent in FY2024.
Acuite believes, the revenue will remain in similar levels in absence of capex plans in the near to medium term, however, profitability is expected to improve due to expected savings in employee costs following machinery modernization undertaken last year.

Healthy financial risk profile:
Financial risk profile of the company is healthy marked by healthy net worth of Rs.151.51 Cr. as on March 31, 2025 (Prov.) as against Rs.141.28 Cr. as on March 31, 2024. The improvement in net worth is due to accretion of profits to reserves. The company's total debt, which only comprise of unsecured loans of Rs.2.43 Cr. as on March 31, 2025 (Prov.) against Rs.1.12 Cr. as on March 31, 2024. Debt equity remained at 0.02 times as on March 31, 2025 (Prov.) against 0.01 times as on March 31, 2024. Debt to EBITDA of the company remained at 0.12 times as on March 31, 2025 (Prov.) as against 0.07 times as on March 31, 2024. The company is expected to maintain its capital structure as it does not plan to incur any debt funded capex plan over the medium term.

Weaknesses

Intensive working capital operations:
The working capital operations of KEPL are intensive in nature as reflected from the gross current asset (GCA) days of 252 day in FY2025 (Prov.) against 246 days in FY2024. The elongation in GCA days is due to elongated inventory levels. As the raw material availability is seasonal in nature, the stocks up inventory required for 5-6 months, in order to meet the demand and quality of the end products, resulting in inventory days of 162 days in FY2025 (Prov.) against 195 days in FY2024. The debtor days remained at 19 days in FY2025 (Prov.) against 20 days in FY2024. Payments to suppliers are majorly made upfront, resulting in creditor days of 4 days in FY2025 (Prov.) against 2 days in FY2024. Despite the intensive working capital operations, the fund based working capital limits remained unutilized over the past 12 months ending June 2025.
Acuite believes, the working capital operations will remain intensive over the medium term due to nature of the industry and seasonal availability of the raw material.

Susceptible to volatility in raw material prices
KEPL's profitability margins are susceptible to fluctuations in the prices of major raw materials such as domestic cotton which is the company's primarily raw material. Cotton being an agricultural commodity by nature, prices are inherently volatile and influenced by agro-climatic conditions. Despite the prevalence of Minimum Support Price (MSP), the purchase price depends on the prevailing demand-supply situation, which limits bargaining power with the suppliers as well. However, the company has been able to maintain its operating margins. Acuité believes that KEPL should be able to maintain its operating profitability around existing levels notwithstanding the volatility in prices of its key inputs, on the back of its established position in the domestic markets.

Rating Sensitivities

- Improvement in the scale of operations while maintaining its profitability margin
- Change in financial risk profile
- Improvement in its working capital cycle.

Liquidity position: Strong

The company's liquidity position is healthy with net cash accruals of Rs.17.24 Cr. in FY2025 (Prov.) against nil debt repayment obligation. The company is expected to register NCA in the range of Rs.20.00 Cr. to Rs.22.00 Cr. over the medium term against the expected nil repayment obligation. The GCA days remained elongated at 252 days in FY2025 (Prov.) against 246 days in FY2024. Current ratio remained healthy at 19.82 times as on March 31, 2025 (Prov.) against 22.88 times as on March 31, 2024. The fund based working capital limits remained unutilized over the past 12 months ending June 2025. Additionally, the company has Rs.14.39 Cr. liquid deposits and Rs.12.28 Cr. unencumbered cash balances as on March 31, 2025 (Prov.) providing additional liquidity comfort.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	128.69	126.71
PAT	Rs. Cr.	9.54	6.06
PAT Margin	(%)	7.41	4.79
Total Debt/Tangible Net Worth	Times	0.02	0.01
PBDIT/Interest	Times	66.96	79.97

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. Acuite'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
17 Jun 2024	Cash Credit	Long Term	30.00	ACUITE BBB+ | Stable (Reaffirmed)
23 Mar 2023	Cash Credit	Long Term	30.00	ACUITE BBB+ | Stable (Reaffirmed)
07 Feb 2022	Cash Credit	Long Term	30.00	ACUITE BBB+ | 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 Overseas Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB+ | Stable | Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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