Rating Rationale
05 November 2026

Mahalakshmi Spintex Pvt. Ltd.

SUMMARY OF RATING ACTION

Facilities / Instrument	Tenure	Amount (₹ crore)		Rating Assigned & Outlook		Regulator
		Previous	Present	Previous (23 Sept 2025)	Present	
Fund-Based	Long Term	4.19	**3.01**	BWR BBB- /Stable Assignment	BWR BBB- /Stable Reaffirmed	RBI
		24.70	**0.00**	BWR BBB- /Stable Assignment	Withdrawal	
		0.33	**0.05**	BWR BBB- /Stable Assignment	BWR BBB- /Stable Reaffirmed	RBI
		40.00 (6.00)	**40.00 (6.00)**			
		-	**16.58**	-	BWR BBB- /Stable Assignment	RBI
Total		**69.22**	**59.64**	**(Rupees Fifty-nine crores sixty-four lakhs Only)**		

Note:
1. Please refer to the BWR website www.brickworkratings.com for the definition of the ratings
2. Refer to Annexures I, II, and III for details of rated bank loan facilities, debt instruments, and the List of Entities Consolidated**.**

RATING ACTION/OUTLOOK

Brickwork Ratings has withdrawn the rating for the Bank Loan Facilities of Rs. 24.70 Crs. and assigned and reaffirmed the long-term Ratings of “BWR BBB- /Stable” for the bank loan facilities of Rs. 59.64 Crs. of Mahalakshmi Spintex Pvt. Ltd.

Brickwork Ratings (BWR) has reaffirmed/Assigment the ratings of Mahalakshmi Spintex Pvt. Ltd. (the company), considering factors such as extensive industry experience of the promoters and Operational Track Record, its moderate financial risk profile, adequate liquidity position, and an adequate liquidity position. However, the rating is constrained by moderate, though growing, scale of operations, Intense competition from both the large and unorganised sectors, and moderate working capital management. Operating profitability continues to be exposed to intense competition and volatility in input costs, as reflected by the sharp decline in operating profit margin (OPM) to 4.96% in FY2026 from 5.08% in FY2025 amid higher raw material prices, such as recyclable polyethylene terephthalate (PET) bottles and other raw material costs, as well as its inability to pass on the rise in input costs to customers. The company’s profitability also remains vulnerable to RPSF (Recycled Polyester Staple Fibre) realisations if oversupply occurs, while increasing competition for PET bottle waste, driven by rising recycling capacities, could continue to pressure raw material availability and procurement costs.

The rating outlook has been retained as "Stable" as BWR believes that Mahalakshmi Spintex Pvt. Ltd.'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the scale of operations and profitability margins and operating margin show sustained improvement. The rating outlook may be revised to 'Negative' if the financial risk profile deteriorates.

For assigning the rating, BWR has relied upon the last 3 years of audited financials till FY26 and projected financials for FY27 and FY28, and publicly available information and clarification provided by management.

KEY COVENANTS OF THE INSTRUMENT/FACILITY

The terms of sanction include standard covenants normally stipulated for such facilities.

ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

Analytical Approach	Comments
Applicable Rating Criteria	• General Criteria • Approach to Financial Ratios • Manufacturing Company • BWR Withdrawal Policy
Parent/Group/Government Support	NA
Analytical Approach (Standalone)	Standalone - For arriving at its ratings, BWR has considered the standalone performance of Mahalakshmi Spintex Pvt. Ltd. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

KEY RATING DRIVERS WITH DETAILED DESCRIPTION

Credit Strengths:

- **Extensive industry experience of the promoters and Operational Track Record :**
  The promoters, including Directors Raj Kumar Jain, Manju Bala, Dhan Raj, and Madhav Jain, bring over two decades of extensive industry experience and strategic vision to the company. Mr. Raj Kumar Jain and Mr. Dhan Raj, who serve as Whole-time Directors, are actively involved in managing the company's day-to-day operations. The company benefits from a well-established operational track record, experienced leadership, and the growing demand for recycled polyester products - factors that help mitigate business risks and support long-term sustainability.

- **Moderate financial risk profile :**
  The company's financial risk profile remains moderate. Supported by a net worth of Rs 32.26 crore as of March 31, 2026, while the gearing and Total Debt to total net worth (Total Debt/TNW) ratios stood at 1.95x. Debt protection metrics were comfortable, with an interest coverage ratio of 2.40x and a DSCR of 1.66x as of March 31, 2026. and a net cash accrual to total debt (NCA/TD) ratio of 0.11x in FY26. These metrics are estimated to improve to 2.79x (interest coverage) and 0.14x (NCA/TD) in FY27. Despite planned debt-funded capital expenditure in the near term, the capital structure is expected to remain stable at a moderate level over the medium term.

Credit Risks

- **Moderate, though growing, scale of operations :**
  The company reported a moderate scale of operations, with revenue of Rs 227.44 Crs in FY2026(Audited). Revenue is projected to improve to Rs 250 Crs in FY2027, with Rs 144 crore already recorded up to 25 October 2026. However, its OPM declined to 4.96% from 5.08% in FY2025 and NPM to 1.75% in FY26, compared to 2.22% in FY25, owing to a significant increase in PET bottle prices and other input costs, coupled with intense competition in the RPSF industry. Further, elevated inventory levels resulted in the Rs 40 crore working capital limits remaining almost fully utilised, indicating limited liquidity buffers and exerting pressure on the company's working capital requirements. The financial profile is expected to improve gradually due to moderate profitability going forward.

- **Intense competition from both the large and unorganised sectors :**
  The business environment remains competitive, given the fragmented and unorganised industry structure for the polyester staple fibre (PSF) and PET chips industry. MSPL remains exposed to stiff competition from other recognised players in the PSF and PET chips industry.

- **Moderate working capital management :**

  The working capital management of the company is moderate, marked by the moderately high Conversion cycle, which stood at 90 days as on 31st March 2026 as compared to 88 days as on 31st March 2025. The Conversion cycle is predominantly driven by the moderate debtor and inventory levels during the same period. The debtor and the inventory period stood at 53 days and 77 days as on 31st March 2026 as compared to 47 days and 81 days as on 31st March 2025, respectively. The operation of MSPL is working capital intensive as the company needs to maintain its raw material (waste PET bottle) inventory to run the uninterrupted production process considering market fluctuations. Going forward, the working capital management of the company will remain at similar levels as evident from the moderate collection mechanism and inventory level.

RATING SENSITIVITY FACTORS

Going forward, the company's ability to improve the scale of operations, profitability margins, overall credit risk profile, and manage its working capital efficiently will be the key rating sensitivities.

Positive :

- The company's Improvement in the scale of operations on a sustained basis.
- Improvement in the interest coverage to 3 times and above, with Net margin to above 2%, and the operating margin above 5% on a sustained basis

Negative :

- The ratings may be downgraded if a steep fall in revenue on a sustained basis.
- A decline in net margin below 1.70% or operating margin below 4.50%, leading to a weakening in overall performance.
- More-than-expected working capital requirement or stretched liquidity, gearing rising to above 2.20 times.

LIQUIDITY POSITION - Adequate

The liquidity profile of the company is adequate, with net cash accruals of Rs. 6.72 Cr. as on 31 March 2026 against the debt repayment obligation of Rs. 4.66 Crore over the same period. Going forward, the company is expected to generate net cash accruals in the range of Rs.9.67 Crore to Rs. 9.15 Crore in FY27 and FY28, projected against the debt repayment obligations up to Rs.4.60 Crore over the same period. The average fund-based working capital limit utilisation also remained high at 95% during the last 12-month period ended October 2026, indicating a moderate but limited cushion. Liquidity is further supported by a moderate current ratio of the company, which stood at 1.34 times in FY26. Further, the cash and bank balance available with the company stood at Rs.1.80 Crore as of FY26. BWR believes that going forward, the company will maintain an adequate liquidity position due to steady accruals.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) PRACTICES

The company demonstrates an evolving ESG profile based on its environmental, social, and governance practices.

Environmental: Environmental risks are driven by high water usage, waste generation, and reliance on energy-intensive manufacturing processes and recycling polymer and PET waste into functional high-end Polyester Staple Fiber (PSF). With recycling plastic waste into useful products, Key monitoring focus areas include water consumption tracking, waste-management practices, and the share of renewable energy utilization.

Social: RPSF processing plants involve heavy machinery, baling equipment, and thermal operations. Managing workforce safety requires continuous adherence to factory safety codes, and the company is involved in CSR activities for promoting education among children, women and differently abled, as well as strict adherence to labor regulations, accident prevention and workplace safety frameworks.

Governance: Governance assessment evaluates board independence, committee effectiveness, and the overall robustness of compliance systems. This is supported by transparency in board structure and comprehensive risk-management practices.

COMPANY/FIRM PROFILE

Industry Classification			
Macroeconomic Indicator	**Sector**	**Industry**	**Basic Industry**
Commodities	Chemicals	Chemicals & Petrochemicals	Petrochemicals

KEY FINANCIAL INDICATORS

Standalone Financial Indicators (in ₹ crore)	FY 23 -24 (A)	FY 24 -25 (A)	FY 25 -26 (A)
Operating Revenue	166.26	205.83	227.44
EBITDA	9.43	10.46	11.29
PAT	4.30	4.56	3.98
Tangible Net worth	23.72	28.28	32.26
Total Debt/ Tangible Net worth	1.87	1.96	1.95
Current Ratio	1.30	1.26	1.34

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results. P: Provisional; Note: These are the latest available financial results. All ratios as per BWR's calculations; Amount in ₹ crore

RATING HISTORY FOR THE PREVIOUS THREE YEARS

Facilities	Current Rating (2026)			2025		2024		2023	
Type	**Tenure**	**Amount (Rs.Crs.)**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund-Based	LT	0.00	Withdrawal	23Sep 2025	BWR BBB-/Stable (Assignment)	NA	NA	NA	NA
Fund-Based	LT	43.06 16.58	BWR BBB-/Stable (Reaffirmed) BWR BBB-/Stable (Assignment)	23Sep 2025	BWR BBB-/Stable (Assignment) NA	NA	NA	NA	NA
FB SubLimit	LT	(6.00)	BWR BBB-/Stable Reaffirmed	23Sep 2025	BWR BBB-/Stable (Assignment)	NA	NA	NA	NA
Grand Total		**59.64**	(Rupees Fifty-nine crores sixty-four lakhs Only)						

COMPLEXITY LEVEL OF THE RATED INSTRUMENTS

Instrument	Complexity Indicator
Fund Based	Simple
Non-Fund Based	Simple

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, or industry risks, or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on BWR's website www.brickworkratings.com/download/ComplexityLevels.pdf

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY):

Credit Rating Agency	Status and Reason for Non-Cooperation	Date of Press Release
CRISIL	Due to non-submission of the relevant information.	30 June 2026
IVR	Due to non-submission of the relevant information.	27 July 2026

ANY OTHER INFORMATION:

None

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Annexure I: Details of Bank Loan Facilities

(Amount in Rupees Crore)

SL.No.	Name of Bank	Facilities	Tenor	Amount (₹ Cr)	Regulator
1	Punjab National Bank	Term Loan- Outstanding	Long term	0.84	RBI
2	Punjab National Bank	Term Loan- Outstanding	Long term	1.92	RBI
3	Punjab National Bank	Term Loan- Outstanding	Long term	0.25	RBI
4	Punjab National Bank	Term Loan -Sanctioned	Long term	0.00	RBI
5	Punjab National Bank	Term Loan -Sanctioned	Long term	0.00	RBI
6	Punjab National Bank	Term Loan -Sanctioned	Long term	0.00	RBI
7	Punjab National Bank	GECL 1.0- Outstanding	Long term	0.05	RBI
8	Punjab National Bank	Cash Credit -Sanctioned	Long term	40.00	RBI
9	Punjab National Bank	Bills Discounting Sublimit of CC	Long term	(6.00)	RBI
10	Punjab National Bank	Term Loan - Sanctioned	Long term	8.60	RBI
11	Punjab National Bank	ECLGS 5.0 - Sanctioned	Long term	7.98	RBI
Total (Rupees Fifty-nine crores sixty-four lakhs Only)				**59.64**	

ANNEXURE II: Details of Instruments/Facilities

Name of the Instrument / Facility	Long Term/Short Term	ISIN	Date of Issuance (DD-MMYYYY)	Coupon Rate (%)	Maturity Date (DDMM-YYYY)	Size of the Issue (₹ cr)	Rating Assigned and Rating Outlook	Regulator
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	-

ANNEXURE III: List of Entities Consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
NA	NA	NA	NA

Annexure IV: List of Instruments and Names of Regulators of the Instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A.	Rating activities	
Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (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)* $	RBI
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 and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs,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	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI

17	**Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs**	**SEBI**
18	**Listed Security Receipts $**	**RBI**
19	**Unlisted Security Receipts**	**RBI**
20	**Independent Credit Evaluation (ICE)**	**RBI**
21	**Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))**	**SEBI**
22	**Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))**	**MCA**
23	**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.

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Brick Work Ratings India Private Limited (BWR) shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

B.	Other Activities	Regulator of the Instruments
1	**Monitoring Agencies**	**SEBI**
2	**Research activities incidental to rating such as research for Economy, Industries and Companies**	**NA**

Grievance Management

For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

For any grievances relating to rating of instruments regulated by other FSR (Financial Services Regulators), please contact grievance@brickworkratings.com

Disclosure of Conflict of Interest

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committees or review, discuss, or evaluate any credit ratings during the Board meetings.

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Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. Canara Bank is an institutional investor in Brickwork.

Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporate and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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