

Christy Fabric Private Limited

January 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1.00	CARE BB; Stable	Reaffirmed
Short Term Bank Facilities	0.10	CARE A4	Reaffirmed
Long Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Christy Fabric Private Limited (CFPL) continue to be constrained by the Christy Textile Group's small scale of operations, working capital intensive nature of operations, profit margins exposed to volatility in raw material prices and the presence in highly competitive industry. The ratings, however, derive strength from the promoters' significant experience in the textile industry, comfortable capital structure and long track record of Christy group of companies. CARE Ratings Limited (CARE Ratings) has withdrawn the outstanding ratings of 'CARE BB; Stable' [Double B; Stable] assigned to the term loan facility, as the same stands closed.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability of the group to scale up the operations above Rs.70 crore and improve the PBILDT margin above 15% on a sustained basis amidst the volatility in raw material prices.

Negative factors

- Any large debt funded capital expenditure leading to deterioration in capital structure with overall gearing ratio above 1.5x
- Drop in income of the group below Rs.40 crore on sustained basis

Analytical approach: Combined

For arriving at the rating, CARE Ratings Limited has combined the business and financial risk profiles of group companies Christy Textile Products Private Limited (CTPL), Christy Fabric Private Limited (CFPL), Christy Linens Private Limited (CLPL) and Ever Green fabric Process Private Limited (EFPL). This is because all the entities are in similar lines of business, have common management, and share business synergies

Outlook: Stable

The stable outlook reflects that the group is expected to sustain steady operational performance and derive benefits from vast experience of the promoters

Detailed description of the key rating drivers:

Key weaknesses

Small scale of operations:

The Christy Textile group, comprising of four companies commenced operations since 2004. Though the group is present for more than two decades the scale of operations of the group stood small in the range of Rs.40 crores – Rs.65 crores for last four years. The total income for FY24 (refers to the period April 1 to March 31) stood Rs.45.01 crores as against Rs.64.58 crore in FY23. During the period April 1 to November 30, 2024 the group reported operating income of Rs.32.43 crore.

Working capital intensive nature of operations, profit margins exposed to volatility in raw material prices:

The procurement of cotton typically happens during the October- March and the need to stock makes the business working capital intensive. Furthermore, the business of yarn and fabric with heavy competition necessitates extended credit period. This has led to higher reliance on working capital borrowings in the group. Furthermore, with limited control on both the finished good and end product prices, the companies remain exposed to volatility in prices. The PBILDT margin of the group has been volatile in the range of 6% to 13% over the past three years ended FY24. The PBILDT margin declined to 6% in FY24 from 6.35% in FY23 mainly due to increased raw material costs.

Highly competitive industry:

The Indian textile industry is largely fragmented, and organized players constitute only 5% of the industry. The home textiles market is characterized by large number of players in the unorganized segment leading to high levels of competition in both export and domestic markets. Due to intense competition, the group has limited flexibility over pricing their products, thus impacting profit margins.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Key strengths

Experienced promoters:

The promoters of Christy group of companies are vastly experienced. Mr T. S Kumarasamy and Mr N. Mohanasundaram have more than two decades of experience in food processing industry and nearly two decades of experience in textile sector. Ms. Mathi (W/O Mr. Mohanasundaram & Director of CFPL) has 17 years of experience in the textile sector. Mr. Nalliyappan (F/O Mr. Mohanasundaram & Director of CLPL) also has more than two decades of experience in handling the key positions in various textile companies.

Synergy of operations between the Group companies:

CTPL, CFPL and CLPL are engaged in similar line of business in manufacturing and sale of terry towels and bed linens. EFPL does dyeing and bleaching of fabrics. CTPL, CFPL & CLPL source around 30% of their dyeing requirements and 100% of their bleaching works from EFPL. The raw materials for all the companies are procured in bulk thereby giving price advantage for the entities. As on November 30, 2024, the group together has 35 looms with installed capacity of 200 kg of fabric/day/loom. EFPL has bleaching and coloring capacity of 10 MTPD & 5 MTPD respectively.

Comfortable Capital Structure:

The capital structure was comfortable with overall gearing of 0.45x as on March 31, 2024 (PY: 0.29x). The moderation on the gearing is due to the increase in unsecured loans in CFPL. The unsecured loan doesn't have a fixed repayment schedule.

Liquidity: Stretched

Liquidity is stretched marked by small accruals and highly utilized bank limits. The group had free cash balance and deposits of Rs.1.71 crore (PY: Rs.1.77 crore) as on March 31, 2024. The current ratio stood above unity at 2.14x (PY: 1.86x) as on March 31, 2024. The average utilization of the WC limits of CFPL stood around 75% for the past 12 months ended November 2024. The group enjoys average credit period between 10-20 days from the suppliers and offers credit period of 20-30 days to its customers. The working capital cycle of the group deteriorated to 147 days in FY24 (PY: 90 days) mainly on account of due to high inventory period.

Assumptions/Covenants Not applicable

Environment, social, and governance (ESG) risks Not applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Cotton Textile](#)

[Short Term Instruments](#)

About the company and industry

Industry Classification

Macro-Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

CFPL was incorporated on April 22, 2013. The company was promoted by Ms. Mathi and Mr Mohanasundaram and is engaged in the manufacture and sale of bed linens and terry towels both domestic and internationally. CTPL, setup in 2004 is involved in manufacturing of bed linens, pillow covers and duvets, CLPL, setup in 2015 is involved in manufacturing of bed linens and EFPL, setup in 2014 is engaged in processing of fabrics and yarn. As on October 31, 2023, the group together has 35 looms (CTPL: 9 looms, CFPL: 12 looms, CLPL: 4 looms and EFPL: 10 looms) with installed capacity of 200 kg of fabric/day/loom.

Brief Financials (₹ crore) Combined	31-03-2023(A)	31-03-2024 (A)	8MFY25 (UA)
Total operating income	64.58	45.01	32.43
PBILDT	4.10	2.70	NA
PAT	1.20	-0.17	NA
Overall gearing (times)	0.29	0.45	NA
Interest coverage (times)	4.02	2.33	NA

Brief Financials (₹ crore) Standalone: CFPL	31-03-2023(A)	31-03-2024 (A)	H1FY24 (UA)
Total operating income	4.79	5.27	5.19
PBILDT	0.77	0.46	NA
PAT	0.07	-0.11	NA
Overall gearing (times)	0.35	1.16	NA
Interest coverage (times)	5.91	3.09	NA

A: Audited UA: Unaudited NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	1.00	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	June 2025	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantee		-	-	-	0.10	CARE A4

Annexure-2: Rating history of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BB; Stable (08-Jan-24)	1)CARE BB; Stable (27-Dec-22)	1)CARE BB; Stable (03-Jan-22)
2	Non-fund-based - ST-Bank Guarantee	ST	0.10	CARE A4	-	1)CARE A4 (08-Jan-24)	1)CARE A4 (27-Dec-22)	1)CARE A4 (03-Jan-22)
3	Fund-based - LT-Cash Credit	LT	1.00	CARE BB; Stable	-	1)CARE BB; Stable (08-Jan-24)	1)CARE BB; Stable (27-Dec-22)	1)CARE BB; Stable (03-Jan-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities Not applicable**Annexure-4: Complexity level of various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Sandeep P Director CARE Ratings Limited Phone: 044-28497812 E-mail: sandeep.prem@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 91 22 6754 3444 E-mail: Ankur.sachdeva@careedge.in	 Naveen S Associate Director CARE Ratings Limited Phone: 0422- 4332399 E-mail: naveen.kumar@careedge.in
	Gokila Sivaraj Analyst CARE Ratings Limited E-mail: gokila.sivaraj@careedge.in

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