Anangoor Textile Mills Private Limited

March 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	10.00	CARE BB+; Stable	Assigned
Long Term Bank Facilities	33.93 (Enhanced from 30.68)	CARE BB+; Stable	Reaffirmed
Short Term Bank Facilities	25.00	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Anangoor Textile Mills Private Limited (ATMPL) continue to be constrained by moderate capital structure and debt coverage indicators, relatively moderate scale of operations and the susceptibility of profitability to the volatility in raw material prices. The ratings however derive strength from vast experience of the promoters, long operational track record of the company, cost benefits derived from captive power and established relationship with customers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to scale up operations with income above Rs.150 crore while maintaining PBILDT margin above 17% on sustained basis.
- Ability to improve the capital structure with gearing below 1.2x.
- Improve debt protection metrics with Total Debt/ GCA below 4x on sustained basis.

Negative factors

- Decline in scale of operations below Rs.120 crore.
- Any further large debt funded capex leading to moderation of overall gearing above 2x.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the company is expected to continue its long term relationship with customers and also sustain its operational performance deriving benefits from captive power and vast experience of the promoters.

Detailed description of the key rating drivers

Key weaknesses

Moderate scale of operations

ATMPL was primarily engaged in manufacturing of blended melange yarn and viscose yarn. However, the company ceased production of viscose yarn during FY24 due to unfavourable prices and started manufacturing sewing threads using polyester. The scale of operations stood moderate with total operating income of Rs.157.37 crore in FY24 (refers to period April 01 to March 31) against Rs.160.09 crore in FY23. The company has booked moderate income of Rs.106.58 crore in 9MFY25 (refers to period April 01 to December 31) due to the change in product mix, focussing more on open ended yarn from fabric cut wastes and sewing threads. Further the company reduced the spindle capacity in one of the units and is under process of adding the rotor capacity in its another unit. The change in product mix is expected to improve the profitability margins going forward, while the scale of operations would remain moderate.

Moderate capital structure and debt coverage indicators

Capital structure of ATMPL stood moderate with overall gearing at 1.61x as on March 31, 2024 albeit improved from 2.04x as on March 31, 2023. The company is undergoing capex towards installation of OE rotors for the total cost of Rs.18.50 crores funded by term loan of Rs.11.90 crore and rest from sale proceeds of part of ring spindles in another unit and also through accruals. The above capex is expected to be completed by the end of FY25. The debt protection metrics stood moderate with total debt to gross cash accruals at 7.20x as on March 31, 2024 which has improved from 8.89x as on March 31, 2023.

Exposure to volatility of raw material prices

The profitability of textile mills depends largely on the prices of cotton and cotton yarn which are governed by various factors such as area under cultivation, monsoon, international demand-supply situation, etc. The movement in cotton prices without parallel movement in yarn prices impact the profitability of the spinning and knitting mills. The cotton textile industry is inherently prone to the volatility in cotton and yarn prices.

[1]Complete definition of the ratings assigned are available at www.careratings.com and other CARE Ratings Ltd.'s publications.

Key Strengths

Vast experience of the promoters

ATMPL was founded by Mr. Palanisamy and late Mr. Ramasamy on 1995. Mr. Palanisamy has nearly three decades of experience in spinning industry. Currently, Mr. Subramaniam, son of Mr. Palanisamy, looks after the operations in the company. Mr. Subramaniam has about two decades of experience in textile industry. Mr. Senthil, son of late Mr. Ramasamy, who has more than 10 years of experience, looks after the purchase department of the company.

Cost benefit derived through captive consumption

The company has five windmills, two rooftop solar power plants and one ground solar plant with a total capacity of 12.70 MW. The entire captive power is used for internal power consumption. The power generated through the power plants and windmills meets about 95% of total internal requirement of the company. The PBILDT margin stood at 10.94% in FY24 (PY:10.34%) which improved significantly to 19.23% in 9MFY25 primarily due to the cost savings from the captive power and change in product mix, focussing more on value added products.

Long standing relationship with clientele

The company is in the spinning industry for nearly three decades. And it has long standing relationship with its clients. ATMPL primarily supplies to customers in Tirupur. The top five customers contribute 16.69% of income in FY24 and 30.73% in 10MFY25.

Liquidity: Stretched

The liquidity is stretched characterised by the tightly matched cash accruals of Rs.9.78 core in FY24 against a repayment obligation of Rs.6.07 crore in FY25. ATMPL gives credit period of 45-60 days to its customer and enjoys credit period of 30 days from its suppliers. The company has working capital limit of Rs.35.0 crore and the average utilization is higher at 95.53% for past 12 months ended January 2025. The company has moderate free cash balance of Rs.0.03 crore as on March 31, 2024.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cotton Textile
Short Term Instruments
Manmade Yarn-Methodology

About the company and industry

Industry classification

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

Anangoor Textile Mills Private Limited (ATMPL) was incorporated in September 1995. The company is based out of Karur, Tamil Nadu. The company was founded by late Mr. Ramasamy and Mr. Palanisamy. The company operates through two units, manufacturing blended melange cotton hosiery yarn and viscose yarn. During FY24, the company shifted its production from manufacturing of viscose yarn to sewing thread. The installed capacity of ATMPL is 6,608 rotors and 13,200 spindles.

Brief Financials (₹ crore)	31-03-2023 (A)	31-03-2024 (A)	9MFY25 (UA)
Total operating income	160.09	157.37	106.58
PBILDT	16.55	17.22	20.50
PAT	3.95	3.98	7.01
Overall gearing (times)	2.04	1.61	1.45
Interest coverage (times)	2.20	2.26	3.76

A: Audited; UA: Unaudited; Note: 'these are latest available financial results'

Status of non-cooperation with previous CRA:

CRISIL Ratings has suspended its rating vide press release dated September 30, 2016 on account of its inability to carry out a rating surveillance in the absence of the requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Please refer to Annexure-2

Detailed explanation of covenants of rated instrument / facility: Detailed explanation of covenants of rated instruments/facilities is given in Annexure-3

Complexity level of instrument 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		-	-	-	10.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	February 2030	33.93	CARE BB+; Stable
Fund-based - ST-Bank Overdraft		-	-	-	25.00	CARE A4+

Annexure-2: Rating history for 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	33.93	CARE BB+; Stable	-	1)CARE BB+; Stable (18-Mar-24) 2)CARE BB; Stable (10-Apr-23)	-	-
2	Fund-based - ST-Bank Overdraft	ST	25.00	CARE A4+	-	1)CARE A4+ (18-Mar-24) 2)CARE A4 (10-Apr-23)	-	-
3	Fund-based - LT-Cash Credit	LT	10.00	CARE BB+; Stable				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instrument/facility: Not applicable

Annexure-4: Complexity level of 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	Fund-based - ST-Bank Overdraft	Simple

Annexure-5: Lender details

To 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 clarifications.

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About us:

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