

Sri R.P Mills India Private Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	38.29 (Reduced from 42.00)	CARE BB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Sri R.P Mills India Private Limited (SRP) continues to be constrained due to small scale of operations, weak debt coverage indicators, leveraged capital structure, susceptibility of profitability to raw material price fluctuations and presence in highly fragmented industry. However, the rating derives comfort from extensive experience of the promoters in the textile industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to scale up the operations by more than ₹70.00 crores.
- Improve their debt coverage indicators marked with total debt (TD)/gross cash accruals (GCA) below 7.00x.

Negative factors

- Any further deterioration of capital structure with overall gearing above 4.00x due to any capex.
- Any elongation in operating cycle resulting in stretch in liquidity.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that the company will be able to sustain the operations in the medium-term aided by the extensive experience of the promoters in the textile industry.

Detailed description of key rating drivers

Key weaknesses

Small, albeit improving scale of operations:

Though the company was established in January 2014, the spinning plant commenced from December 2023 only. The company is involved in manufacturing and selling viscose yarn of count 30s and 34s to customers in Tamil Nadu. The company had made income of ₹16.34 crore in FY24 against ₹1.51 crore in FY23, from windmill power trading and trading of fabrics. In 11m FY25 (April 01 to February 28), the company has generated revenue of ₹61.72 crore.

Leveraged capital structure and weak debt coverage indicators:

The capital structure of the company stood moderate, however improved to 2.78x as on March 31, 2024, against 6.72x as on March 31, 2023, on account of infusion of equity capital by the promoters. The debt coverage indicators marked by total debt/GCA had improved to 24.26x as on March 31, 2024, against 45.29x as on March 31, 2023. The company has completed the installation of 8 vortex machines at the cost of ₹41.33 crore, funded by term loan of ₹31.00 crore and rest by unsecured loans from promoters. Apart from this the company also has plans to install one more vortex machine in FY26 at a cost of around ₹3.87 crore, funded by term loan of ₹3.25 crore and rest by unsecured loans from promoters.

Inherent volatility associated with prices of raw material and yarn:

Company's profitability margins are susceptible to fluctuations in prices of major raw materials such as Viscose staple fibre (VSF) in keeping with volatility in wood pulp (cellulose) prices. Viscose yarn prices are influenced by movement in its substitutes' prices, i.e., cotton and polyester staple fibres. However, VSF prices are relatively less volatile than cotton.

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

Highly fragmented, competitive, and cyclical nature of industry:

Indian textile industry consists of large, organized players who contribute to 75% of total installed capacity and the balance 25% is contributed by unorganized segment. SRP is relatively a small player in this space, thereby lacking the benefits of economies of scale. Intense competition in the highly fragmented textile industry also restricts its ability to completely pass on volatility in input cost to its customers.

Key strengths

Extensive experience of the promoters:

The company was established by R. P. Duraisamy, the Whole time Director of the company who manages the day-to-day operations of the company. R. P. Duraisamy had previously served in the board of Pallavaa Group of companies, engaged in manufacture of viscose yarn, based out in Pallipalayam for more than 25 years. During his tenor at Pallava group, he had been associated with companies like Cheran Spinner Pvt Ltd, Pallava Textiles Private Limited (manufactures grey fabric, viscose yarn, and other blended yarn varieties), etc., R. P. Duraisamy is also supported by his son D. Logeshkumar, who is a BA graduate.

Benefits derived from captive power:

The company has installed windmill capacity of 1.6MW. The power generated by the windmills are used for captive consumption. The company meets approximately 60% of power requirements from these windmills.

Liquidity: Stretched

Liquidity is stretched marked tightly matched accruals against repayment of ₹1.30 crore in FY25 with cash and bank balance of ₹0.04 crore as on March 31, 2024. The company provides credit period of around 30 days for the customers, while obtains similar credit period from the suppliers. The company has been sanctioned working capital limits of ₹15.00 crore during December 2024, and the average utilisation level stood at 65% for the last 12 months ended February 2025.

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](#)

[Manmade Yarn Manufacturing](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

SRP was established in January 2014, R. P. Duraisamy. The company was previously involved in trading of windmill power generated from inhouse and trading of textiles. In December 2023, the company has set up spinning mill facility and has started to manufacture and sell viscose yarn of count 30s and 34s. Currently, the company has its plant located in Namakkal with installed 8 vortex spinning machines and 96 drums per each spinning machine.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	11m FY25 (UA)
Total operating income	1.51	16.35	61.72
PBILDT	0.56	2.50	NA
PAT	0.16	0.03	NA
Overall gearing (times)	6.72	2.78	NA
Interest coverage (times)	1.93	2.10	NA

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

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		-	-	-	10.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	September 2032	28.29	CARE BB-; Stable

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-Cash Credit	LT	10.00	CARE BB-; Stable	1)CARE BB-; Stable (03-Apr-24)	-	-	-
2	Fund-based - LT-Term Loan	LT	28.29	CARE BB-; Stable	1)CARE BB-; Stable (03-Apr-24)	-	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: 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

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on 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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