Aruna Textile Processing Mills

September 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	43.10 (Enhanced from 21.63)	CARE BB+; Stable	Reaffirmed
Short Term Bank Facilities	3.00	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to bank facilities of Aruna Textile Processing Mills (ATPM) continues to be constrained by moderate scale of operations, moderate capital structure, operating in highly fragmented industry with regulatory challenges and partnership nature of business constitution with inherent risk of withdrawal of capital. However, the firm derives strengths from experienced promoters and long track record of operations with reputed clientele base and comfortable debt protection metrics.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to scale up the operations above ₹150 crores with lower client concentration.
- Maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 10% on a sustained basis.
- Improvement in capital structure with overall gearing below 1x.

Negative factors

- Decline in scale of operations with income below ₹70 crores along with decline in profitability margins on a sustained basis.
- Any large debt funded capex or withdrawal of partner capital leading to deterioration of capital structure with overall gearing above 2x.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook by CARE Ratings Limited (CareEdge Ratings) reflects that the entity is likely to sustain its operational performance over the medium term aided by the extensive experience of the promoter in the industry.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations

The scale of operations of the firm improved, growing at a CAGR of 9% over the last 5 years ended FY25 (from April 01 to March 31). The firm had marginal increase in revenue of ₹143.73 crore in FY25 against ₹118.72 crore in FY24 aided by increase in orders. The operating profitability has been volatile, with PBILDT margin fluctuating between 8% to 12% over the last 5 years ended FY25.

Moderately leveraged capital structure with capital withdrawal risk

The firm's capital structure marked by overall gearing stood moderately leveraged however remained stable at 1.50x as of March 31, 2025, against 1.47x as of March 31, 2024. ATPM is a partnership nature of business wherein the inherent risk of withdrawal of capital by the partners at the time of their personal contingencies resulting in erosion of capital base leading to adverse effect on capital structure. It is to be noted that the partners had withdrawn ₹0.45 crore in FY21, ₹2.25 crore in FY22, infused ₹1.13 crore in FY23 and withdrawn ₹1.73 crore in FY24 and ₹1.37 crore in FY25.

Highly fragmented industry with regulatory challenges

The textile processing industry is highly fragmented, with numerous unorganized players contributing to intense competition. Being cyclical in nature, the industry is closely tied to macroeconomic trends, and both raw material and finished goods prices are influenced by global demand-supply dynamics. Additionally, processing units must comply with stringent pollution control

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

regulations, and any violation or tightening of these norms can disrupt operations. Dyeing and bleaching units face strict environmental requirements due to high water usage and chemical discharge, necessitating Effluent Treatment Plants (ETPs) and, in some regions, Zero Liquid Discharge (ZLD) systems. Non-compliance can result in legal penalties, reputational damage, and operational setbacks, making regular monitoring and adherence to norms essential.

Key strengths

Experienced promoters and long operational track record of operations

N. Palanisamy, Managing Partner has more than two decades of experience in textile field. During FY20, the firm had undergone reconstitution and accordingly P. Chandrasekhar retired from the partnership. Currently the day-to-day activities of administration and management of the entity are being undertaken by N. Palanisamy and S. P. Selvaraj. The partners are supported by qualified and experienced professionals consisting of technicians, engineers and marketing team who are having experience of around 25 years. ATPM has a long operational track record for more than two decades which aids the firm in winning bids of government orders.

Reputed clientele base albeit high client concentration

ATPM has been operational over two decades and has an established customer base. The firm receives orders after participating in tenders floated by state government departments like The Director of Handloom and Textiles, Tamil Nadu and Telangana State Handloom Weavers Co-Op Society Limited and execute orders from private players However, the revenue is concentrated with single customer forming 73% of the total income in FY25 (PY: 76%).

Comfortable debt protection metrics

The debt protection metrics stood comfortable with total debt to gross cash accruals of 3.89x as of March 31, 2025, as against 3.87x as of March 31, 2024. The interest coverage also remained comfortable at 4.64x in FY25 which increased from 3.75x in FY24.

Liquidity: Stretched

Liquidity is stretched marked with tightly matched accruals of ₹8.55 crore to repay its debt obligations in FY25 and with low cash balance of ₹0.71 crore as of March 31, 2025. The collection period of the firm remains elongated at 126 days in FY25 as against 116 days in FY24 as most of the orders are from government departments. The firm avails credit period up to 30 days from their chemical suppliers and provides time up to 60 days for private clients and up to 90 days to government projects. The firm has been sanctioned with cash credit of ₹20 crore and the average utilisation stood at around 80% for last twelve months ended August 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
Short Term Instruments
Cotton Textile

About the company and industry

Industry classification

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

ATPM was established in the year 1996 as a partnership firm at Kongampalayam village in Erode, Tamil Nadu. The firm is engaged in textile printing and dyeing of yarns and fabric. The firm has two partners, namely N. Palaniswamy and S. P. Selvaraj. The factory has a total land area of 6 acres and built-up area of 1,60,000 square feet having installed capacity of 12 tonnes of yarn dyeing per day and 3.10 lakh meters of fabrics dyeing per day.

Particular	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	116.72	118.72	143.73
PBILDT	12.80	11.30	12.95
PAT	1.53	1.57	3.63
Overall gearing (times)	1.75	1.47	1.50
Interest coverage (times)	4.20	3.75	4.64

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

Status of non-cooperation with previous CRA:
Brickwork Ratings India Private Limited (BWR) has conducted a review based on the best available information and has classified ATPM as "non-cooperative" vide its press release dated November 12, 2024. The reason provided by BWR is the non-furnishing of information for monitoring of rating.

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		-	-	-	20.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	01-10-2032	10.18	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	15-11-2026	12.92	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	3.00	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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	20.00	CARE BB+; Stable	-	1)CARE BB+; Stable (24-Feb-25)	1)CARE BB+; Stable (19-Feb-24)	1)CARE BB+; Stable (23-Mar-23)
2	Fund-based - LT-Term Loan	LT	10.18	CARE BB+; Stable	-	1)CARE BB+; Stable (24-Feb-25)	1)CARE BB+; Stable (19-Feb-24)	1)CARE BB+; Stable (23-Mar-23)
3	Non-fund-based - ST-Bank Guarantee	ST	3.00	CARE A4+	-	1)CARE A4+ (24-Feb-25)	1)CARE A4+ (19-Feb-24)	1)CARE A4+ (23-Mar-23)
4	Fund-based - LT-Term Loan	LT	12.92	CARE BB+; Stable	-	1)CARE BB+; Stable (24-Feb-25)	1)CARE BB+; Stable (19-Feb-24)	1)CARE BB+; Stable (23-Mar-23)

LT: Long term; ST: Short 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
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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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