

Fathimuthu Amma Mills Private Limited

October 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	18.49 (Reduced from 23.44)	CARE BB+; Stable	Downgraded from CARE BBB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in the ratings assigned to the bank facilities of Fathimuthu Amma Mills Private Limited (FAMPL) reflects continued decline in operational performance leading to losses over the last three years ending FY25 (refers to the period from April 01 to March 31). These losses are mainly due to lower order inflows caused by weak demand for yarns, leading to subdued capacity utilization and increased fixed overhead expenses.

The ratings remain constrained by moderate scale of operations, moderate capital structure, and debt protection metrics, along with profitability that remains vulnerable to fluctuations in cotton yarn prices.

The ratings however derive comfort from the promoters' extensive experience in the textile industry and the demonstrated financial support extended by the promoters and group entities

For arriving at the rating, CARE Ratings Limited (CareEdge Ratings) has combined the business and financial risk profiles of FAMPL and Seyad Cotton Mills Private Limited (SCMPL) together referred to as the Seyadu Textile Group (STG).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in total operating income (TOI) above ₹150 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margins above 10% on sustained basis
- Improvement in total debt/ GCA below 4x on sustained basis

Negative factors

- Any large debt funded capex leading to overall gearing above 3x
- Significant withdrawal of funding support from the group weakening the liquidity position

Analytical approach: Combined

CARE Ratings Limited (CareEdge Ratings) has combined the business and financial risk profiles of FAMPL and SCMPL together referred to as Seyadu Textile Group (STG). This is because both the entities are in similar lines of business, have common management, and have significant operational and financial linkages. Entities combined are listed under Annexure-6.

Outlook: Stable

The 'Stable' outlook reflects that the company is expected to continue to benefit from experienced promoters with presence across diverse businesses, and continued funding support from the group entities.

Detailed description of key rating drivers:

Key weaknesses

Declined financial performance due to industry slowdown

STG is a relatively smaller player in the textile yarn segment, with a spindle capacity of 61,392, producing yarn in the 30's to 80's counts. The group's total operating income (TOI) remained largely stable at ₹153.56 crore in FY25, with a marginal increase from ₹146.91 crore in FY24. However, operating profitability weakened, with the group reporting an operating loss of ₹3.49 crore in FY25 compared to an operating loss of ₹1.33 crore in FY24. Operational performance declined due to weak demand in the textile yarn sector, leading to lower order volumes and underutilised capacity, which increased fixed overheads. Additionally, US tariffs on Indian textile imports disrupted the supply chain, impacting domestic demand and pricing. Overall capacity utilisation declined to 57% in FY25 from 67% in FY24. Thus, operational performance in FY26 is likely to remain moderate, as production is expected to be maintained at minimal levels, limiting revenue growth and profitability recovery in the near term.

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

Moderate capital structure and debt coverage indicators

STG's capital structure was moderately leveraged, exhibiting an overall gearing of 1.74x as on March 31, 2025, a deterioration from 1.64x as on March 31, 2024. However, the total debt of STG primarily consists of unsecured loans and preference shares from promoters, and inter-corporate deposits (ICDs) from group entities, which accounted for 97% (PY: 89%) of the borrowings as of March 31, 2025. When excluding the unsecured loans from related parties, the overall gearing was recorded at 0.04x (PY: 0.17x) as of March 31, 2025. CareEdge Ratings anticipates that the overall gearing will remain moderate in the medium term, with additional unsecured loans being provided by the group entities when required.

Exposure to volatility in raw material prices

The profitability of spinning mills is largely influenced by cotton and cotton yarn prices, which are governed by factors such as cultivated area, monsoon, and international demand-supply situation, among others. Cotton being the major raw material for spinning mills, price movement without a corresponding change in yarn prices, impacts profitability. The cotton textile industry is inherently prone to cotton and yarn price volatility. The average purchase cost of cotton for STG stood at ₹160-₹188 per kg in the past three years ended FY25.

Key strengths**Vast experience of the promoters and long track record of the group:**

STG is part of the Seyadu group of companies, which operates in the textiles, beedi, financial services, and education sectors. The Seyadu group has been involved in the beedi industry for over eight decades and has more than three decades of experience in the textiles sector. TES Fathu Rabbani, the son of the late TE Seyadu Rowther (the founder), is responsible for overseeing the strategic functions of the entire Seyadu group. The daily operations of the companies are managed by his sons, F Seyad Rabbani and F Sadiq.

Demonstrated support from the group:

The Seyadu group companies and directors have extended financial support to STG through preference share capital and loans and inter-corporate deposits (ICDs). The outstanding ICDs amounted to ₹52.79 crore as on March 31, 2025, compared with ₹54.93 crore as on March 31, 2024. The ICDs primarily comprise loans extended by group company Seyad Home Industries (P) Limited (rated CARE BBB+, Stable) and loans from the promoters of STG. These funds are primarily utilised for bulk cotton purchases, in which the company typically holds inventory for three to four months. The ICDs carry an interest rate of 6% per annum, which is lower than the company's working capital bank borrowings that carry an interest rate of 9.45% per annum.

Liquidity: Stretched

Liquidity remains stretched due to negative cash accruals in FY25. However, the group continues to receive financial support from the promoters and group entities, with additional funding likely to be provided when required. During FY25, STG liquidated a significant portion of its inventory, resulting in a reduction in average inventory days to 90 days (from 122 days in FY24). FAMPL has sanctioned working capital limits of ₹17 crore, with average utilisation remaining low at 28% during the 12 months ended September 2025. Similarly, SCMPL's working capital limits of ₹10 crore were utilised at a modest 18% during the same period. The group's current ratio remained above unity at 1.38x as on March 31, 2025 (PY: 1.51x), while free cash and bank balances stood at ₹1.36 crore (PY: ₹0.98 crore).

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Consolidation & Combined approach](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles & apparels	Other textile products

Fathimuthu Amma Mills Private Limited (FAMPL), erstwhile Moon Spinners Limited, established in 1989, is a part of the Tirunelveli based (Tamil Nadu) Seyadu group. FAMPL is engaged in the manufacture and sale of cotton yarn of count range 30s to 40s. FAMPL has a manufacturing unit at Tirunelveli, Tamil Nadu, with an installed capacity of 24,288 spindles as on March 31, 2025.

Seyad Cotton Mills Private Limited (SCMPL), established in 1983, is a part of the Tirunelveli-based (Tamil Nadu) Seyadu group. The company is engaged in the manufacture and sale of cotton yarn, mainly of counts 40s to 60s. SCMPL has a manufacturing unit at Moondradaippu (around 30 km from Tirunelveli town) with an installed capacity of 37,104 spindles as on March 31, 2025. As on March 31, 2025, SCMPL also has windmills with capacity of 6.175 MW.

Brief financials (₹ crore) – STG (Combined)	FY24 (UA)	FY25 (UA)	H1FY26 (UA)
Total operating income	146.91	153.56	31.86
PBILDT	-1.33	-3.49	0.85
PAT	-5.68	-6.24	NA
Overall gearing (times)	1.64	1.74	NA
Interest coverage (times)	-0.33	-1.18	5.68

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

Brief financials (₹ crore) – FAMPL (Standalone)	FY24 (A)	FY25 (A)	H1FY26 (P)
Total operating income	58.80	56.02	10.31
PBILDT	-0.54	-5.17	0.18
PAT	-3.09	-5.70	NA
Overall gearing (times)	3.08	4.68	NA
Interest coverage (times)	-0.19	-2.75	1.20

A: Audited P: Provisional 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		-	-	-	17.00	CARE BB+; Stable
Fund-based - LT-Term loan		-	-	April 2027	1.49	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 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-Term loan	LT	1.49	CARE BB+; Stable	-	1)CARE BBB-; Stable (03-Oct-24)	1)CARE BBB-; Stable (05-Oct-23)	1)CARE BBB-; Stable (03-Nov-22) 2)CARE BBB-; Stable (07-Oct-22)
2	Fund-based - LT-Cash credit	LT	17.00	CARE BB+; Stable	-	1)CARE BBB-; Stable (03-Oct-24)	1)CARE BBB-; Stable (05-Oct-23)	1)CARE BBB-; Stable (03-Nov-22) 2)CARE BBB-; Stable (07-Oct-22)

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 lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Seyad Cotton Mills Private Limited	Full	Operational and Financial Linkages
2	Fathimuthu Amma Mills Private Limited	Full	Operational and Financial Linkages

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.

Contact us

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