

**RATING RATIONALE**

28 Aug 2025

**Amurtha Textiles**

**Brickwork Ratings upgrades the rating to ‘BWR BB-/Stable’ for Cash Credit facility and assigns the long-term ratings of ‘BWR BB-/Stable’ for Term Loan of Rs.22.14 Crs. facilities and withdraws the other facilities of Rs.4.50 crs Amurtha Textiles.**

**Particulars:**

Facility**	Amount Rated (Rs in Cr)		Tenor	Rating History with BWR (29 May 2024)	Rating Recommended
	Previous	Present			
<b>Fund Based</b>					
Term Loan-Outstanding	1.34	<b>0.00</b>	Long Term	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>Withdrawal</b>
Term Loan-Outstanding	1.84	<b>0.00</b>	Long Term	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>Withdrawal</b>
Term Loan-Outstanding	0.44	<b>0.00</b>	Long Term	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>Withdrawal</b>
Cash Credit -Sanctioned	6.50	<b>8.50</b>	Long Term	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>BWR BB -/Stable removal from ISSUER NOT COOPERATING* category/Upgraded</b>
GECL -Outstanding	0.00	<b>0.47</b>	Long Term	-	<b>BWR BB- /Stable Assignment</b>
Term Loan – II - Outstanding	0.00	<b>0.71</b>	Long Term	-	<b>BWR BB-/Stable Assignment</b>
Term Loan – III - Outstanding	0.00	<b>0.43</b>	Long Term	-	<b>BWR BB-/Stable Assignment</b>
Term Loan – V - Outstanding	0.00	<b>11.60</b>	Long Term	-	<b>BWR BB-/Stable Assignment</b>
Loan Against Property - Outstanding	0.00	<b>0.43</b>	Long Term	-	<b>BWR BB-/Stable Assignment</b>
<b>Subtotal</b>	<b>10.12</b>	<b>22.14</b>			
<b>Non-Fund based</b>					
Bank Guarantee -Sanctioned	0.88	<b>0.00</b>	Short Term	BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>Withdrawal</b>
<b>Subtotal</b>	<b>0.88</b>	<b>0.00</b>			
<b>Total</b>	<b>11.00</b>	<b>22.14</b>	<b>(Rupees Twenty Two Crores and Fourteen lakhs Only)</b>		

^Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

\*\* Details of the Bank Loan Facilities are provided in Annexure-I

\*Issuer did not cooperate; based on best available information.

#### **RATING ACTION / OUTLOOK:**

**Brickwork Ratings upgrades the rating to ‘BWR BB-/Stable’ for Cash Credit facility and assigns the long-term ratings of ‘BWR BB-/Stable’ for Term Loan – II, III, V, GECL and Loan Against Property of Rs.22.14Cr. facilities and withdraws the rest of facilities amounting to Rs.4.50 crs. of Amurtha Textiles.**

The ratings are driven by positive factors such as Extensive experience of the promoter for over five decades within the Coimbatore textile industry which is also coupled with the location advantage being Somanur, Coimbatore being a key textile hub. The company’s strategic move to increase the capacity utilization along with add-ons to the machinery to reduce the wastage in order to boost the operational efficiency.

However, the ratings are constrained by factors such as very high concentration risks in its supplier and customer base and operating volatility and intense market competition and market swings.

#### **KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:**

The terms of sanction include covenants normally stipulated for such facilities.

#### **Key Rating Drivers**

##### **Credit Strengths:-**

- **Extensive industry experience of the Proprietor :**

The entity benefits significantly from its proprietor's five decades of extensive and long-standing experience within the Coimbatore textile industry. This deep-rooted expertise has been instrumental in establishing strong relationships with suppliers and customers, bolstered by the synergistic operations of the entity that involve cotton yarn and cloth manufacturing ecosystem.

- **Location Advantage :**

The firm benefits significantly from its location in Somanur, a key textile hub within the Coimbatore region. This strategic placement provides easy, direct access to a robust network of suppliers and a large pool of skilled labor, thereby reducing transportation costs and ensuring seamless operations for our manufacturing plant.

##### **Credit Risks:-**

- **Significant concentration of Customers and Suppliers :**

Concentration risk is significant on both the customer and supplier fronts. The top five customers account for approximately 90% of total business, providing a stable revenue base but also exposing the company to substantial risk should any of these key relationships be impacted. Similarly, the top five suppliers represent a high concentration of 98% of total procurement. This heavy reliance on a limited number of suppliers poses a considerable risk of supply chain disruption and potential price volatility, further underscoring the need for

strategic diversification.

- **Operating Volatility and Market Risks:**

Operating profitability has been volatile, fluctuating between 4-8% over the three fiscal years ending in 2025. This volatility is a key credit risk, stemming from a combination of factors. The company's revenue and profitability are highly susceptible to intense market competition and significant price swings in raw materials like cotton and viscose. This reliance on a limited number of suppliers and the inherent unpredictability of commodity prices will likely continue to impact financial performance.

#### **ANALYTICAL APPROACH – Standalone**

For arrive at its ratings, BWR has considered the standalone financial profile of Amurtha Textiles and has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

#### **RATING SENSITIVITIES**

##### **Positive:**

- Improvement in the EBITDA beyond 5%, leading to higher net cash accruals boosting operational performance.
- The coverage ratio, DSCR improving and maintained above 1.5x, enhancing the financial flexibility.

##### **Negative:**

- A significant decline in operating margin below 3% and fall in profitability leading to lower cash accruals.
- Diminishing stretched working capital cycle weakening the financial risk profile and liquidity.

#### **LIQUIDITY POSITION – Adequate**

For FY2024-25, the company's liquidity is Adequate but has some constraints. While its ISCR of 2.32x and DSCR of 1.19x, along with a Current Ratio of 1.42x, show it can comfortably meet debt obligations and is on par with industry standards, the high 96.78% utilization of its Cash Credit account indicates a tight cash flow situation, despite net cash accruals of ₹2.67 crores being sufficient for debt service.

#### **COMPANY'S PROFILE**

Established in 1992, Amurtha Textiles operates as a proprietorship concern under the stewardship of Mr. S. Sathasivam. The business is actively involved in the textile sector, specializing in the manufacturing of key textile intermediates: cotton yarn and grey fabric. Their primary manufacturing facility is situated in Coimbatore, Tamil Nadu, a region renowned as a significant hub for the textile industry in India. While they produce the base materials, the subsequent process of fabric conversion (which includes dyeing, printing, and finishing to produce final fabrics) is primarily outsourced. To handle this conversion, Amurtha Textiles has developed relationships and tied up with a network of various unorganized weavers.

**KEY FINANCIAL INDICATORS – Standalone**

Key Parameters	Units	FY 23	FY 24	FY25
Result Type		Audited	Audited	Provisional
Operating Revenue	Rs Crs	56.54	48.45	58.35
EBITDA	Rs Crs	2.82	3.10	4.77
PAT	Rs Crs	0.43	0.24	0.23
Tangible Net Worth	Rs Crs	11.85	10.80	11.03
Total Debt / Tangible Net Worth	Times	0.92	2.03	2.24
Current Ratio	Times	1.57	2.06	1.42

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY:**

No ratings with other CRAs.

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]**

S.No	Facilities	Current Rating (2025)			Rating History		
		Type	Amount Outstanding (Rs. Crs)	Rating	2024 29-May-2024	2023 24-April-2023	2022 25-April-2022
1	Fund Based	Long Term	8.50	<b>BWR BB-/Stable/Removal from Issuer Not Cooperating category/ Upgraded</b>	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	BWR B/Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)
2			0.47	<b>BWR BB- /Stable Assignment</b>	-	-	-
3			0.71	<b>BWR BB- /Stable Assignment</b>	-	-	-
4			0.43	<b>BWR BB- /Stable Assignment</b>	-	-	-
5			11.60	<b>BWR BB- /Stable Assignment</b>	-	-	-
6			0.43	<b>BWR BB- /Stable Assignment</b>	-	-	-
7			0.00	<b>Withdrawal</b>	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	BWR B/Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)
8			0.00	<b>Withdrawal</b>	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	BWR B/Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)

9			0.00	<b>Withdrawal</b>	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	BWR B/Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)
10	Non-Fund Based	Short Term	0.00	<b>Withdrawal</b>	BWR A4 (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	BWR A4 (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	BWR A4 (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)
<b>Total</b>			<b>22.14</b>	<b>(Rupees Twenty Two Crores and Fourteen lakhs Only)</b>			

**COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria:**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Company](#)

Analytical Contacts	
<b>Priyanka S</b> Rating Analyst <a href="mailto:priyanka.s@brickworkratings.com">priyanka.s@brickworkratings.com</a>	<b>Nagaraj K</b> Director – Ratings <a href="mailto:nagaraj.ks@brickworkratings.com">nagaraj.ks@brickworkratings.com</a>
1-860-425-2742	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**Amurtha Textiles**

**ANNEXURE I**

**Details of Bank Loan Facilities rated by BWR:**

S. No	Facilities	Amount (Cr)	Lender	Complexity
1	Cash Credit - Sanctioned	8.50	Union Bank of India	Simple
2	GECL - Outstanding	0.47	Union Bank of India	Simple
3	Term Loan – II - Outstanding	0.71	Union Bank of India	Simple
4	Term Loan – III - Outstanding	0.43	Union Bank of India	Simple
5	Term Loan – V - Outstanding	11.60	Union Bank of India	Simple
6	Loan Against Property - Outstanding	0.43	Union Bank of India	Simple
	<b>Total</b>	<b>22.14</b>	<b>(Rupees Twenty Two Crores and Fourteen lakhs Only)</b>	

**ANNEXURE II**

**(NCD/Bonds/CP/FDs) DETAILS: None**

**ANNEXURE-III**

**List of Entities Consolidated - None**

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