

Press Release

THENI GURU KRISHNA TEXTILE MILLS PRIVATE LIMITED

January 14, 2025

Rating Assigned and Downgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term
Bank Loan Ratings	30.00	ACUITE C Assigned	-
Bank Loan Ratings	276.96	ACUITE C Downgraded	-
Bank Loan Ratings	2.04	ACUITE D Downgraded	-
Bank Loan Ratings	25.00	-	ACUITE A4 Downgraded
Total Outstanding Quantum (Rs. Cr)	334.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded its long-term rating to **ACUITE D** (read as **ACUITE D**) from **ACUITE BBB** (read as **ACUITE Triple B**) on the Rs. 2.04 Cr. bank facilities of Theni Guru Krishna Textile Mills Private Limited (TGKMPL).

Further, Acuite has downgraded its long-term rating to **ACUITE C** (read as **ACUITE C**) from **ACUITE BBB** (read as **ACUITE triple B**) on the Rs. 276.96 Cr. bank facilities and short-term rating to **ACUITE A4** (read as **ACUITE A four**) from **ACUITE A3+** (read as **ACUITE A three plus**) on the Rs. 25.00 Cr. bank facilities of Theni Guru Krishna Textile Mills Private Limited (TGKMPL).

Acuite has also assigned its long-term rating of **ACUITE C** (read as **ACUITE C**) on the Rs. 30.00 Cr. bank facilities of Theni Guru Krishna Textile Mills Private Limited (TGKMPL).

Rationale of Rating Downgrade

The downgrade is based on delays reported in servicing of debt obligation as reflected in the Credit bureau information report and written feedback received from the South Indian bank.

About the Company

Theni Guru Krishna Textile Mills Private Limited (TGKMPL) was established in 2005 by taking over the existing partnership firm, M/s. Theni Guru Krishna Mills & Theni Krishna Exports. It is promoted by ATK Group, which has been engaged in the textile business, since 1950. Based out of Theni (Tamil Nadu), TGKMPL is a vertically integrated textile player and sells cotton yarn, grey fabric as well as garments. TGKMPL majorly exports Made-ups to USA health care sector. It has installed capacity of 43,468 spindles for spinning division, 343 looms for weaving division, 495 machines for garmenting and 5.25 MW of installed windmill division and 7MW of solar power, which supplies over 40 per cent of the company's power requirement.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the TGKMPL to arrive at this rating

Key Rating Drivers

Strengths

Established track record of operations and experienced management

TGKMPL is promoted by Mr. T. K Ramasamy, Mr. T. K. Srinivasan, Mr. T. K. Ponraj and Mr. S. Rajasekar. The rating draws comfort from the long-standing experience of over 7 decades of the promoters of TGKMPL (ATK group) in textile and allied sectors, having started with cotton ginning, trading and allied business activities in 1950. The management has built a healthy relationship with suppliers over the years for procurement of raw materials at a competitive cost and good credit terms. TGKMPL exports majority of its overall sales to the USA health care sector, with the majority of sales from madeups such as surgical towels, cellular blankets.

Weaknesses**Instances of delays in debt servicing**

Instances of delays in debt-servicing have been reported in recent months in the Credit Bureau Information report of the company.

Rating Sensitivities

Timely servicing of debt obligations

Liquidity Position**Stretched**

Liquidity position of the company is marked stretched due to instances of delays in servicing of debt obligation by the company in recent months.

Outlook: Not Applicable**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	534.82	547.71
PAT	Rs. Cr.	(9.23)	7.10
PAT Margin	(%)	(1.73)	1.30
Total Debt/Tangible Net Worth	Times	1.48	1.35
PBDIT/Interest	Times	1.59	2.53

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Oct 2023	Letter of Credit	Short Term	25.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	45.94	ACUITE BBB Negative (Reaffirmed)
	Warehouse Receipt Financing	Long Term	20.00	ACUITE BBB Negative (Reaffirmed)
	Cash Credit	Long Term	32.00	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	8.19	ACUITE BBB Negative (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	3.08	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	1.59	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	16.31	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	7.05	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	5.19	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	7.00	ACUITE BBB Negative (Assigned)
	Stand By Line of Credit	Long Term	10.00	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	1.71	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	2.77	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	13.15	ACUITE BBB Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.02	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	25.00	ACUITE BBB Negative (Reaffirmed)
	Cash Credit	Long Term	53.00	ACUITE BBB Negative (Reaffirmed)
	Cash Credit	Long Term	17.00	ACUITE BBB Negative (Assigned)
20 Feb 2023	Letter of Credit	Short Term	25.00	ACUITE A3+ (Downgraded from ACUITE A2)
	Term Loan	Long Term	45.94	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Warehouse Receipt Financing	Long Term	20.00	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	1.71	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	25.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	22.00	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	8.19	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	3.08	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)

	Term Loan	Long Term	1.59	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	16.31	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	63.00	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	7.05	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	5.19	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	2.77	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	13.15	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)
	Proposed Long Term Bank Facility	Long Term	10.02	ACUITE BBB Stable (Downgraded from ACUITE BBB+ Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
South Indian Bank	Not avl. / Not appl.	Cash Credit	30 Nov 2024	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE C Downgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Cash Credit	15 Apr 2024	Not avl. / Not appl.	Not avl. / Not appl.	53.00	Simple	ACUITE C Downgraded (from ACUITE BBB)
IDBI Bank Ltd.	Not avl. / Not appl.	Cash Credit	14 Jan 2024	Not avl. / Not appl.	Not avl. / Not appl.	32.00	Simple	ACUITE C Downgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Cash Credit	15 Apr 2024	Not avl. / Not appl.	Not avl. / Not appl.	16.00	Simple	ACUITE C Downgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Cash Credit	15 Apr 2024	Not avl. / Not appl.	Not avl. / Not appl.	27.00	Simple	ACUITE C Assigned
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A4 Downgraded (from ACUITE A3+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.75	Simple	ACUITE C Downgraded (from ACUITE BBB)
Not Applicable	Not avl. / Not appl.	Proposed Warehouse Receipt Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.25	Simple	ACUITE C Downgraded (from ACUITE BBB)
Not Applicable	Not avl. / Not appl.	Proposed Warehouse Receipt Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.75	Simple	ACUITE C Assigned
Axis Bank	Not avl. / Not appl.	Secured Overdraft	29 Nov 2024	Not avl. / Not appl.	Not avl. / Not appl.	1.25	Simple	ACUITE C Assigned
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE C Downgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.71	Simple	ACUITE C Downgraded (from ACUITE BBB)
Axis Bank	Not avl. / Not appl.	Term Loan	01 Dec 2024	Not avl. / Not appl.	01 Nov 2029	12.41	Simple	ACUITE C Downgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Term Loan	15 Apr 2024	Not avl. / Not appl.	31 Mar 2035	14.00	Simple	ACUITE C Downgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Term Loan	07 Jan 2021	Not avl. / Not appl.	07 Jan 2026	11.66	Simple	ACUITE C Downgraded (from ACUITE BBB)

IDBI Bank Ltd.	Not avl. / Not appl.	Term Loan	05 Aug 2022	Not avl. / Not appl.	31 Jul 2027	3.47	Simple	ACUITE C Downgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Term Loan	15 Sep 2023	Not avl. / Not appl.	15 Aug 2031	34.68	Simple	ACUITE C Downgraded (from ACUITE BBB)
South Indian Bank	Not avl. / Not appl.	Term Loan	01 Apr 2021	Not avl. / Not appl.	30 Apr 2028	1.48	Simple	ACUITE D Downgraded (from ACUITE BBB)
South Indian Bank	Not avl. / Not appl.	Term Loan	24 Dec 2018	Not avl. / Not appl.	30 Jun 2026	0.56	Simple	ACUITE D Downgraded (from ACUITE BBB)
Karur Vysya Bank	Not avl. / Not appl.	Term Loan	25 Nov 2024	Not avl. / Not appl.	30 Jun 2032	11.37	Simple	ACUITE C Downgraded (from ACUITE BBB)
Karur Vysya Bank	Not avl. / Not appl.	Term Loan	01 Jan 2024	Not avl. / Not appl.	31 Dec 2028	4.06	Simple	ACUITE C Downgraded (from ACUITE BBB)
Tamil Nadu Mercantile Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	26 Dec 2029	1.11	Simple	ACUITE C Downgraded (from ACUITE BBB)
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.77	Simple	ACUITE C Downgraded (from ACUITE BBB)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	24 Jun 2021	Not avl. / Not appl.	07 Jul 2026	5.72	Simple	ACUITE C Downgraded (from ACUITE BBB)
State Bank of India	Not avl. / Not appl.	Warehouse Receipt Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE C Downgraded (from ACUITE BBB)

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Kirti Berlia Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticsupport@acuite.in

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