



Press Release
PARVATHI DYEING
May 30, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.80	ACUITE BB Stable Reaffirmed	-
Bank Loan Ratings	0.20	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	18.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of **‘ACUITE BB’ (read as ACUITE double Ba)** and its short-term rating of **‘ACUITE A4+’ (read as ACUITE A four Plus)** on the Rs.18.00 Cr. bank facilities of Parvathi Dyeing (PD). The outlook remains **‘Stable’**.

Rationale for reaffirmation:

The rating reaffirmation takes into account the improvement in operating income in FY2024 and the estimated revenue growth in FY2025, driven by increased sales volumes throughout the year. It also considers PD's long track record of operations and the extensive experience of management, which spans over three decades in the textile industry. Additionally, the rating considers the firm's comfortable financial risk profile, characterized by low gearing and healthy debt protection metrics.

However, the rating is constrained by the working capital-intensive nature of operations, the risk of capital withdrawal associated with partnership nature of constitution, and the intensive competition faced by the entity in the industry.

About the Company

Parvathi Dyeing (PD) is a Tirupur-based partnership firm established in 1985, engaged in processing fabric dyeing. The firm was founded by Mr. and Mrs. Loganathan. Currently, their son Mr. Parmeshwaran and his wife Rajeshwari have joined the operations as partners since 2002. The firm is part of the Bhuvaneshwari Group, which includes other group companies such as Bhuvaneshwari Cotspin India Private Limited, Bhuvaneshwari Tex, and BTex International. Both Bhuvaneshwari Tex and BTex International are engaged in the export of ready-made garments (RMG).

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of PD to arrive at the rating.

Key Rating Drivers

Strengths

- Established track record of operations and experienced partners

PD was established in 1985 by Mr. Loganathan. He is supported by the second generation of management, Mr. Paramesh Kumar and Mrs. Rajeshwari. Mr. Loganathan possesses over three decades of industry experience in the textile industry, while the other promoters have more than a decade of experience in the textile industry. The firm has been able to establish long-term relationships with its suppliers and customer base through PD and its other group entities, Bhuvaneshwari Cotspin India Private Limited and Bhuvaneshwari Tex. Acuité believes that the promoters' extensive industry experience and established relationships with their customers and suppliers will aid PD's business risk profile over the medium term.

- **Improved operating income**

The firm reported revenue growth of around 15.11 percent in FY2024, which stood at Rs. 61.52 crore, compared to Rs. 53.44 crore in FY2023. The improvement in revenue is attributed to increased capacity. The EBITDA margin stood at 15.20 percent in FY2024, compared to 16.36 percent in FY2023. There is a slight deterioration in the EBITDA margins due to an increase in employee costs. Acuité believes that going forward, the margins will remain in the similar range, and the stable revenue trajectory is likely to continue.

- **Comfortable financial risk profile metrics**

The firm's financial risk profile is comfortable, marked by moderate net worth, low gearing, and healthy debt protection metrics. The net worth of the firm stood at Rs.38.79 Cr. and Rs.36.02 Cr. as on March 31st, 2024, and 2023 respectively. The gearing of the firm stood at 0.33 times as on March 31st, 2024, against 0.20 times as on March 31st, 2023. Debt protection metrics – Interest coverage ratio and debt service coverage ratio stood at 16.71 times and 5.30 times as on March 31st, 2024, respectively as against 13.46 times and 5.02 times as on March 31st, 2023, respectively. TOL/TNW (Total outside liabilities/Total net worth) stood at 0.85 times and 0.60 times as on March 31st, 2024, and 2023 respectively. The debt to EBITDA of the company stood at 1.36 times as on March 31st, 2024, as against 0.82 times as on March 31st, 2023. Acuité believes that the financial risk profile of the firm will remain comfortable over the near to medium term.

Weaknesses

- **Working capital intensive operations**

PD's operations are working capital intensive, marked by gross current assets (GCA) days of 148 days in FY2024, compared to 105 days in FY2023. GCA days are primarily led by high debtor days and other current assets (OCA). Inventory days stood at 28 days in FY2024, compared to 13 days in FY2023. Debtor days stood at 82 days in FY2024, compared to 61 days in FY2023. However, the reliance on working capital limits remained high, marked by an average of 97 percent of the fund-based limits used over the past six months ending in April 2025. Subsequently, the payable period stood at 258 days in FY2024, compared to 208 days in FY2023.

- **Highly competitive industry and risk of capital withdrawal**

The firm operates in a highly fragmented textile industry and faces competition from a large number of organized, integrated, and unorganized players in the domestic market and other nations that offer lower production costs, ease of doing business, and cheap labor. Further, the firm is associated with the risk of capital withdrawal due to its partnership constitution. Any significant capital withdrawal could adversely affect the capital structure, limiting financial flexibility.

Rating Sensitivities

- Significant improvement in the scale of operations, while maintaining its profitability margins.
- Deterioration in the working capital cycle leading to stress on the debt protection metrics or the liquidity position of the company

Liquidity Position: Adequate

The net cash accruals stood at Rs.8.97 Cr. in FY2024 as against the repayment obligation of Rs.1.23 Cr. for the same period. Going forward, the firm is expected to generate moderate net cash accruals against nil maturing repayment obligations. Unencumbered cash and bank balances stood at Rs. 0.04 Cr. as on March 31, 2024. The current ratio stood average at 0.94 times as on March 31, 2024. However, the reliance on working capital limits stood high marked by average 97 percent utilization of the fund-based limits used over the past six months ending in April 2025. Acuité believes that PD's liquidity will remain adequate over the medium term, backed by expected

improvement in cash accruals generation against nil repayment obligations over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	61.52	53.44
PAT	Rs. Cr.	5.49	3.88
PAT Margin	(%)	8.93	7.26
Total Debt/Tangible Net Worth	Times	0.33	0.20
PBDIT/Interest	Times	16.71	13.46

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.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. Acuite'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
04 Mar 2024	Bank Guarantee/Letter of Guarantee	Short Term	0.20	ACUITE A4+ (Upgraded from ACUITE A4)
	Cash Credit	Long Term	4.00	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	0.54	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	0.32	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Proposed Long Term Bank Facility	Long Term	12.94	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
06 Dec 2022	Bank Guarantee/Letter of Guarantee	Short Term	0.20	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BB- Stable (Reaffirmed)
	Term Loan	Long Term	4.30	ACUITE BB- Stable (Reaffirmed)
	Term Loan	Long Term	3.20	ACUITE BB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	6.30	ACUITE BB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Karur Vysya Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.20	Simple	ACUITE A4+ Reaffirmed
Karur Vysya Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.94	Simple	ACUITE BB Stable Reaffirmed
Karur Vysya Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	25 Aug 2024	0.54	Simple	ACUITE BB Stable Reaffirmed
Karur Vysya Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Aug 2024	0.32	Simple	ACUITE BB Stable Reaffirmed

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