



**Press Release**  
**SREE KADERI AMBAL MILLS PRIVATE LIMITED**  
**July 09, 2025**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	55.36	ACUITE BB+   Stable   Downgraded   Negative to Stable	-
Bank Loan Ratings	3.64	-	ACUITE A4+   Downgraded
Total Outstanding Quantum (Rs. Cr)	59.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has downgraded its long-term rating to ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) from ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) on the Rs. 55.36 Cr. bank facilities and downgraded its short-term rating to ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) from ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs. 3.64 Cr. bank facilities of Sree Kaderi Ambal Mills Private Limited (SKAMPL). The Outlook has been revised from ‘**Negative**’ to ‘**Stable**’.

**Rationale for rating downgrade and revision in outlook**

The rating downgrade and revision in outlook factors in subdued profitability and moderation in financial performance in FY2024 and is further estimated to decline in FY2025 as compared to Acuite’s expected levels. The revenue is estimated to moderate to ~Rs.100.11 Cr. in FY2025, against Rs. 102.37 Cr. in FY2024 and Rs. 132.71 Cr. in FY2023. However, the company’s operating margin marginally improved to 9.51 % in FY2024 as compared to 9.24 % in FY2023, due to savings from captive power generation and is expected to further improve in FY2025. The estimated deterioration in operating performance in FY2025, has resulted in lower absolute profits and cash accruals, leading to moderation in key coverage indicators and strain on liquidity position. However, the support from the promoters by way of infusion of funds in the form of USL is expected to aid company in case of exigencies.

Going ahead, the ability of the company to improve its scale of operations and profitability, leading to improvements in its key coverage indicators and overall financial risk profile, and liquidity position while avoiding any significant elongations in working capital cycle will remain key monitorable.

**About the Company**

Sree Kaderi Ambal Mills Private Limited (SKAMPL) was incorporated in 1980 by Shri.A.R. Sevugan Chettiar, SKAMPL is engaged in manufacturing of variety of yarns. SKAMPL initially started its operations with 12,428 spindles, now operating with capacity of 56,108 spindles and 11, 376 TFO drum’s split with an annual capacity of ~9000 tons. Company’s manufacturing plant is located at perattukottai village near karaikudi in Tamil Nadu.

**Unsupported Rating**

Not Applicable

## **Analytical Approach**

Acuite has considered standalone business and financial risk profile of Sree Kaderi Ambal Mills Private Limited (SKAMPL) to arrive at the rating.

## Key Rating Drivers

### Strengths

#### **Established track record of operations and experiences management in manufacturing of cotton yarn**

Sree Kaderi Ambal Mills Private Limited (SKAMPL) was incorporated in 1983 by Shri.A.R. Sevugan Chettiar. Company has an operational track record of more than four decades in manufacturing of variety of cotton yarns. SKAMPL's longstanding relations with its existing customers and suppliers aid the company in securing repeat orders on a regular basis supported by the timely availability of raw materials. SKAMPL imports raw material like cotton, polyester, blend mostly from China through a sister concern, and involved in manufacturing of 20 varieties of yarn. SKAMPL over the last few years has been focusing on upgradation of its machinery to improve productivity and quality of yarn. Further, the company has also incurred capex for solar and wind power which will reduce the power cost going forward. The current directors of the company are Mr. Muthappan Sevugan Chettiar, Mr. Ramanatha Chettiar Ramasamy Chettiar, Mr. Pethaperumal Mala, Mr. Uthaman Pethaperumal and Mr. Sevugan Chettiar Pethaperumal.

Acuite believes that the company will continue to benefit from established presence in textile industry and extensive experience of promoters.

#### **Moderate financial risk profile**

The financial risk profile of the company is moderate marked by moderate net worth, gearing and debt protection metrics. The tangible net worth of the company increased to Rs. 35.56 Cr. as on March 31st, 2024, as against Rs. 33.77 Cr. as on March 31st, 2023, due to accretion of profits to reserves. The gearing of the company stood at 1.69 times as on March 31, 2024, as against 1.61 times as on March 31, 2023. The coverage indicators stood at moderate levels, marked by interest coverage ratio (ICR) of 2.05 times in FY2024 as against 2.32 times in FY2023. The DSCR stood at 1.00 times in FY2024 against 1.46 times in FY2023. It is further estimated to remain below unity in FY2025 due to lower absolute operating profit and higher interest cost and repayment obligation. The total outside liabilities to tangible net worth (TOL/TNW) stood at 1.94 times as on 31 March 2024 as against 2.25 times as on 31 March 2023. The Debt to EBITDA ratio stood moderately high at 4.99 times as on March 31, 2024, as against 4.33 times as on March 31, 2023. The net cash accruals to total debt (NCA/TD) stood at 0.10 times in FY2024 as compared to 0.13 times in the previous year. In FY2025, the company had secured a loan of ~ Rs. 6 Cr. for the acquisition of a windmill intended for captive consumption and for upgradation of existing machinery.

Going ahead, the financial risk profile is expected to experience a moderation in the near term on account of subdued operating performance and debt funded capex undertaken in recent years.

### Weaknesses

#### **Moderation in operating revenue albeit improvement in operating margins**

The company's operating income declined by ~23.00%, to Rs. 102.37 Cr. in FY2024, compared to Rs. 132.71 Cr. in FY2023. This decline in revenue is on account of lower price realisations and lower sales volume. Further, the operating revenue is estimated at ~Rs. 100.11 Cr. in FY2025. However, the operating margin of the company improved marginally and stood at 9.51 % in FY2024 as compared to 9.24 % in FY2023 due to savings from captive power generation. The PAT margin of the company declined to 1.75% in FY2024, as compared to 2.43% in FY2023, primarily due to higher depreciation and finance cost incurred during the year.

Going ahead, the ability of the company to sustain growth in its scale of operations while improving profitability levels will remain a key monitorable.

#### **Moderate Working capital management**

SKAMPL's operations are moderately working capital intensive marked by Gross Current Assets (GCA) of 84 days in FY2024 as compared to 92 days in FY2023. The GCA days are mainly dominated by inventory holding period of 58 days in FY2024 as against 57 days in FY2023. The collection period stood at 28 days in FY2024 as against 22 days in FY2023. The creditors' days stood at 39 days as on March 31, 2024, as against 53 days as on March 31, 2023. The fund-based limits utilisation remained high at ~95.83 percent for the last six months ended April 2025.

Acuite believes that working capital operations of the company are likely to remain in similar range considering the nature of business.

#### **Susceptible to volatility in raw material prices and foreign exchange fluctuation risk**

SKAMPL's profit margins are susceptible to fluctuations in the prices of major raw materials such as domestic and imported cotton, blend and polyester. The main raw material purchased by the company is cotton. Cotton being an agricultural commodity by nature, the margins are susceptible to changes in cotton prices. Cotton availability and price of the same is highly dependent on agro-climatic conditions. Despite the prevalence of Minimum Support Price (MSP), the purchase price depends on the prevailing demand-supply situation, which limits bargaining power with the suppliers as well. As a result, the business is exposed to fluctuations in the foreign

exchange rate. Acuité believes that SKAMPL will be able to maintain its operating profitability around existing levels amid the volatility in prices of its key inputs, on the back of its established position in the domestic markets.

### **Rating Sensitivities**

- Sustained growth in revenue along with improvement in profitability margin and overall financial risk profile.
- Any significant elongations in working capital cycle leading to moderation in financial risk profile and stretch in liquidity position

### **Liquidity Position Stretched**

The company's liquidity position is stretched as the company's reliance on working capital borrowings is high, marked by average utilization of fund based working capital limits of ~95.83% during the last six months period ended April 2025. The company's net accruals for FY2024 are tightly matched as against its repayment obligations. The company generated net cash accruals of Rs. 6.16 Cr. in FY2024 as against its maturing debt obligations of Rs. 6.10 Cr. for the same period. Further, going ahead in FY2025, cash accruals are estimated to remain lower than its repayment obligations. However, promoters have been supporting the repayments by way of infusion of funds in case of any exigencies. Going ahead, the cash accruals are expected to remain under pressure against the repayment obligations in the near term. The current ratio stood below average at 0.65 times as on 31 March 2024 against 0.95 times in the previous year. The company maintained low cash and bank balances of Rs.0.05 Cr. as on 31 March 2024 against Rs.0.06 Cr. in previous year.

### **Outlook: Stable**

### **Other Factors affecting Rating** None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	102.37	132.71
PAT	Rs. Cr.	1.79	3.22
PAT Margin	(%)	1.75	2.43
Total Debt/Tangible Net Worth	Times	1.69	1.61
PBDIT/Interest	Times	2.05	2.32

### 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>
- 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 Jun 2024	Letter of Credit	Short Term	2.00	ACUITE A3+ (Reaffirmed)
	Proposed Letter of Credit	Short Term	1.80	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	7.00	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
	Proposed Cash Credit	Long Term	15.00	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	4.23	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
	Proposed Long Term Loan	Long Term	8.97	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	20.00	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
28 Mar 2023	Letter of Credit	Short Term	2.00	ACUITE A3+ (Assigned)
	Proposed Letter of Credit	Short Term	1.80	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	7.00	ACUITE BBB-   Stable (Assigned)
	Proposed Cash Credit	Long Term	15.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	4.23	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Loan	Long Term	8.97	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	20.00	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Canara Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	21 Dec 2026	1.69	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Canara Bank	Not avl. / Not appl.	Covid Emergency Line.	24 Oct 2024	Not avl. / Not appl.	24 Apr 2030	0.75	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE A4+   Downgraded ( from ACUITE A3+ )
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.25	Simple	ACUITE A4+   Downgraded ( from ACUITE A3+ )
Not Applicable	Not avl. / Not appl.	Proposed Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.89	Simple	ACUITE A4+   Downgraded ( from ACUITE A3+ )
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Feb 2028	2.43	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Apr 2031	9.00	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Canara Bank	Not avl. / Not appl.	Term Loan	20 Mar 2023	Not avl. / Not appl.	21 Mar 2031	3.35	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Canara Bank	Not avl. / Not appl.	Term Loan	14 Mar 2023	Not avl. / Not appl.	30 Sep 2028	3.35	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Canara Bank	Not avl. / Not appl.	Term Loan	17 Apr 2024	Not avl. / Not appl.	17 Apr 2030	3.97	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Aug 2031	6.41	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Apr 2029	0.89	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Nov 2029	1.00	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )

ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 May 2026	0.52	Simple	ACUITE BB+   Stable   Downgraded   Negative to Stable ( from ACUITE BBB- )
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