



Press Release
SANTHI PROCESSING UNIT PRIVATE LIMITED
June 03, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	70.00	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	31.50	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	101.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BBB**' (read as **ACUITE triple Ba**) and short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on Rs.101.50 Cr. bank facilities of Santhi Processing Unit Private Limited (SPUPL). The outlook is '**Stable**'.

Rationale for Rating:

The reaffirmation of ratings considers the established track record of Santhi Processing Unit Private Limited (SPUPL) and stable operations during FY2024 and efficient working capital management. The rating also considers the estimated improvement in revenue and profitability during FY2025, due to higher fabric sales and better realizations for yarn and fabrics during the year. However, it is constrained by expected marginal deterioration in financial risk profile due to debt infusion for on-going capex and Intense competition in the industry. Going forward, the company's ability in sustaining the growth in revenue and profitability while maintaining the efficient working capital operations will be a key rating monitorable.

About the Company

Santhi Processing Unit Private Limited (SPUPL) was established in 1980 by Mr. S. Duraisamy and was later reconstituted to a private limited company in 2000. In 1994, Santhi Processing Unit Private Limited (SPUPL) has established their own yarn dyeing and fabric dyeing unit. Fabric finishing division was established in 1996. The current directors of the company are Mrs. Duraisamy Sumathi, Mr. Sinnusamy Duraisamy and Mrs. Vinodini Duraisamy. Currently, Santhi Processing Unit Private Limited is a fully integrated textile manufacturing unit (Spinning to Fabric Finishing) delivering services to leading international brands like Marco polo, Mothercare, Tommy Hilfiger and others. The company is based in Tamil Nadu.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Santhi Processing Unit Private Limited (SPUPL) to arrive at the rating.

Key Rating Drivers

Strengths

Established track record and stable operations:

Santhi Processing Unit Private Limited (SPUPL) is promoted by Mr. S. Duraisamy who possess a vast experience of 40 years in the textile industry. With a long track record of operations, SPUPL has become one of the renowned integrated textile player with a total spinning capacity of 14,600 spindles and 108 looms along with 6.35 megawatt (MW) solar power and windmills for captive power consumption. The promoter's extensive industry experience has helped the company to establish longstanding relationships with its key suppliers and customers. The extensive experience of promoter is also reflected through stable operations over the years. During FY2024, SPUPL registered revenue of Rs.336.72 Cr., while it is estimated to register a revenue of Rs.458.60 Cr. in FY2025. The significant growth in revenue is mainly due to higher quantity sale of fabrics. Further, higher realizations for yarn and fabrics are estimated to improve the EBITDA margins to 7.5-8.5 percent in FY2025. Acuite believes that SPUPL will continue to benefit from the partners established presence in the textile industry.

Above average financial risk profile

SPUPL's financial risk profile is above average, marked by moderate network, healthy capital structure and debt protection metrics. SPUPL's net worth stood at Rs. 74.73 Cr. as on March 31, 2024 as compared to Rs. 66.12 Cr. as on March 31, 2023. Improvement in network is on account of accretion for profits to reserves. The total debt increased to Rs.65.17 Cr. as on March 31, 2024, compared to Rs.41.99 Cr. as on March 31, 2023. The increase in debt levels is primarily on account of long-term debt availed for capex purpose. Consequently, the gearing level and total outside liabilities to total net worth (TOL/TNW) stood at 0.87 times and 1.30 times respectively as on March 31, 2024 as against 0.64 times and 0.85 times as on March 31, 2023. The debt protection metrics stood moderate with interest coverage of 3.63 times and debt service coverage ratio (DSCR) of 1.79 times for FY2024 as against 4.50 times and 1.48 times, respectively for FY2023. Besides, Debt to EBITDA has marginally deteriorated to 2.52 times as on March 31, 2024 against 1.92 times of previous year. Acuite believes that despite the debt funded capex company's financial risk profile will remain above average on account of its improving scale of operations and expected improvement in profitability.

Efficient working capital operations

SPUPL's working capital operations are efficiently managed as reflected by its gross current asset (GCA) days of 84 days, supported by lower inventory days of 25 days in FY2024. The company benefits from established relationships with customers, resulting in a debtor days of 44 days in FY2024 against 27 days in FY2023. Similarly, the company makes payment to its suppliers up on realizing its debtors, resulting in a creditor days of 36 days in FY2024 against 6 days in FY2023. This has led to moderate dependency on its fund based working capital limits, which were utilized at an average of 80 percent over the past 12 months ending March, 2025. Acuite believes that, the company's ability in maintaining the efficient working capital operations will be a key rating sensitive.

Weaknesses**Intense competition in the industry**

SPUPL operates in a highly fragmented and competitive segment of textile value chain. This segment is marked by the presence of a large number of small to mid-sized players, especially in textile hubs like Tamil Nadu, Gujarat and Maharashtra. Many players operate as job-workers for large garment or fabric manufacturers, bidding on processing contracts where price and turnaround time are the primary differentiators. As a result, price competition is stiff, which may also limit the pricing power of individual players. This emphasises the need for maintaining customer relations and strengthening the integrated operations, to sustain the profitability. SPUPL is currently incurring capex around Rs.63.00 Cr. for Solar Power and a processing unit. The solar capex is expected to meet around 90 percent of the electricity usage and the processing unit is expected to strengthen the backward integration and reduce the dependency on job work of the yarn to fabric.

Risk of dependency on job work:

Santhi Processing Unit Private Limited relies on third-party processors for certain key operations, which may expose the company to operational risks, including limited control over quality and consistency. The reliance on job work also constrains the company's ability to capture higher margins. However, this risk is partially mitigated by company's established relationships with experienced job workers. Acuite believes, that the ongoing capex on processing plant will enhance control and support improvement in margins over the medium term.

Rating Sensitivities

- Sustaining the improvement in scale of operations
- Improvement in profitability through reducing dependency on job work.
- Any deterioration in working capital management leading to deterioration in financial risk profile.

Liquidity position: Adequate

The company has reported cash accruals of Rs.16.31 Cr. in FY2024 against its repayment obligations of Rs.5.98 Cr. during the same period. The company's accruals are expected in the range of Rs.29-40.00 Cr. for FY2025-26 against its repayment obligations of Rs.8.92-15 Cr. during the same period. The working capital operations are efficient as reflected by its Gross Current Asset (GCA) days of 84 days in FY2024, leading to moderate utilisation of its working capital limits at around 80 per cent during the last 12 months' period ended March, 2025. The current ratio of the company stood moderate at 1.31 times and cash and bank balances stood low at Rs.0.11 Cr. as on March 31, 2024. However, the company has Rs.1.55 Cr. free fixed deposits. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of expected steady accruals generation.

Outlook: Stable**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	336.72	349.84
PAT	Rs. Cr.	8.53	6.94
PAT Margin	(%)	2.53	1.98
Total Debt/Tangible Net Worth	Times	0.87	0.64
PBDIT/Interest	Times	3.63	4.50

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
05 Mar 2024	Bills Discounting	Short Term	20.00	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A2 (Reaffirmed)
	Packing Credit	Short Term	7.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	25.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	2.11	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	3.21	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	2.38	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	3.70	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	6.11	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.49	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	14.70	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	12.00	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.30	ACUITE BBB Stable (Assigned)
01 Feb 2024	Bills Discounting	Short Term	20.00	ACUITE A2 (Upgraded from ACUITE A3)
	Letter of Credit	Short Term	4.00	ACUITE A2 (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A2 (Upgraded from ACUITE A3)
	Cash Credit	Long Term	25.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	2.11	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	3.21	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	2.38	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	3.70	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	6.11	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	0.49	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
04 Jan	Bills Discounting	Short Term	20.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	25.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.11	ACUITE BBB- Stable (Reaffirmed)

2024	Term Loan	Long Term	3.21	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	6.11	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.49	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.38	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.70	ACUITE BBB- Stable (Reaffirmed)
06 Oct 2022	Letter of Credit	Short Term	4.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A3 (Assigned)
	Bills Discounting	Short Term	25.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	12.50	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	7.50	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.10	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.13	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	4.53	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.24	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	5.87	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.51	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.55	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.07	ACUITE BBB- Stable (Assigned)
16 Jun 2022	Cash Credit	Long Term	12.50	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
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE A2 Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE BBB Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A2 Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A2 Reaffirmed
Canara Bank	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A2 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.92	Simple	ACUITE BBB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A2 Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2030	13.35	Simple	ACUITE BBB Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Jul 2030	8.76	Simple	ACUITE BBB Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Oct 2027	2.13	Simple	ACUITE BBB Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	2.77	Simple	ACUITE BBB Stable Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Nov 2028	4.07	Simple	ACUITE BBB Stable Reaffirmed

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