July 29, 2025

Acsen Tex Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term - Fund Based –Cash Credit	50.00	50.00	[ICRA]BBB- (Stable); reaffirmed;
Long Term - Fund Based –Term Loans	106.64	89.18	[ICRA]BBB- (Stable); reaffirmed;
Short Term – Non-Fund Based Facilities	2.00	2.00	[ICRA]A3; reaffirmed
Short Term – Fund Based-Limits	5.00	0.00	-
Short Term- Interchangeable Limits	(50.00)	(50.00)	[ICRA]A3; reaffirmed
Long Term/Short term- unallocated Limits	-	22.46	[ICRA]BBB- (Stable)/ [ICRA]A3; reaffirmed
Total	**163.64**	**163.64**	

**Instrument details are provided in Annexure I*

Rationale

For arriving at the ratings, ICRA has taken a consolidated view of Acsen Tex Private limited (ATPL) and Rasi G Energy Private Limited (RGEPL) as both the companies have strong linkages and common promoters. ATPL has also filed an application with the National Company Law Tribunal (NCLT) for the merger of RGEPL with ATPL. ATPL and RGEPL, together, are referred to as the Group.

The ratings reaffirmation considers a recovery in the performance of the Group in FY2025, supported by an increase in sales volume of viscose yarn, and an expected modest improvement in its operational and financial performances over the medium term, supported by the long experience of the promoters and established relationships with customers, aiding in repeat orders. RGEPL has nine windmills with an installed capacity of 12.25 MW and caters to captive power requirement of ATPL. The Group's revenues grew by 36.2% on a year-on-year (YoY) basis to Rs. 335.4 crore in FY2025, driven by additional capacities added in the second half of FY2024, which enabled a 36.9% increase in sales volumes. While raw material prices remained high, operating margins improved by 40 bps (on a YoY basis) to 8.2% in FY2025, driven by economies of scale.

The ratings, however, remain constrained by a modest scale, vulnerability of earnings to fluctuations in raw material prices, intense competition, and a fragmented industry, which limit its pricing flexibility. ATPL completed its large debt-funded expansion in mid-FY2024 and shifted its product profile from manufacturing cotton yarn to producing viscose yarn, which happened in phases over years. This large debt-funded expansion has resulted in high debt repayment obligations in FY2025 and moderated its coverage indicators. The interest coverage and debt service coverage ratios of the Group stood at 2.4 times and 0.9 times in FY2025, respectively, compared to 2.3 times and 1.2 times in FY2024, respectively. Besides, the coverage indicators are likely to remain modest in FY2026 as well due to increased debt repayment obligations. However, ICRA takes comfort from the financial flexibility of ATPL as it is managed by the same promoter group of Acsen Agriscience Private Limited (AAPL, rated [ICRA]A (Stable)), commonly referred to as the Acsen Group. Timely funding support from the promoters in providing need-based assistance to ATPL remains a key monitorable.

The Stable outlook reflects ICRA's opinion that the Group will benefit from the recent modernisation, leading to an improvement in the operating metrics. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further expand the capacity will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Established presence and financial flexibility for being a part of the Ascen Group – ATPL has an established presence in the textile industry, spanning more than two decades, resulting in long relationships with suppliers and customers, driving repeat business. ATPL has been able to forge strong relationships with an established clientele, possessing vast experience in spinning. Thus, with a stable customer base, ATPL has been able to sustain its volumes over the years. The ratings also draw comfort from the financial flexibility of ATPL as it is a part of the broader Ascen Group. Promoters of ATPL, Mr. Senthilnathan and Ms. Chithra hold 82.5% stake in AAPL and manage day-to-day operations of the Group.

Recent capacity expansion supported a recovery in FY2025 – ATPL completed its large debt-funded expansion in mid-FY2024 and shifted its product profile from manufacturing cotton yarn to producing viscose yarn, which happened in phases over years. ATPL's production capacity was increased to 61,051 MT in FY2024 to manufacture viscose yarn from 38,530 MT in FY2023. While raw material prices have remained high, the operating margins improved by 40 bps (on a YoY basis) to 8.2% in FY2025, driven by economies of scale. Capacity utilisation level stood at 97% in FY2025 and operating income and margins are expected to witness a modest recovery over the medium term, supported by a modest increase in volumes and realisation.

Credit challenges

Large debt-funded capex and low operating margins, weakening coverage indicators – Debt-funded capacities added in FY2024 and moderate cash accruals led to weak coverage indicators. Although its revenues and earnings witnessed a recovery in FY2025 over the levels witnessed in FY2024, high debt repayment obligation in FY2025 resulted in weak coverage indicators with an interest coverage of 2.4 times and debt service coverage of 0.9 times in FY2025. Coverage indicators are likely to remain moderate in FY2026 as well due to heightened debt repayment obligation and recover subsequently.

Limited pricing flexibility, with profitability exposed to volatility in yarn prices and customer concentration risks – ATPL's earnings remain exposed to volatility in key raw material prices as it has relatively limited pricing flexibility in a fragmented industry with intense competition from many organised and unorganised players. Further, its revenues are exposed to asset and customer concentration risks, with the top ten customers accounting for 56.7% of its total sales in FY2025. These risks are buffered by long relationship with its customers, which lend some stability to revenues.

Liquidity position: Adequate

The Group is likely to generate net cash accrual of Rs. 17-20 crore in FY2026. The average working capital utilisation over the last 12 months ending in June 2025 stood at 75.7% of the sanctioned working capital limit of Rs. 50 crore. Besides, undrawn working capital limits stood at Rs. 9.2 crore as on March 31, 2025. The company had cash and liquid investment of Rs. 1.6 crore as on March 31, 2025 and received a GST refund of Rs. 9 crore in June 2025. Against these sources of funds, the Group has debt repayment obligations of Rs. 20.4 crore in FY2026 and Rs.16.4 crore in FY2027 and has no major large debt funded expansions planned. Given the limited cushion in working capital limits and higher debt repayment obligations, ICRA expects that any potential cash shortfall will be supported through timely fund infusion by its promoters.

Rating sensitivities

Positive factors – The ratings may be upgraded if the Group is able to register a sustained improvement in revenues and earnings, debt protection metrics and liquidity position.

Negative factors – ICRA could downgrade the ratings, if there is any sustained pressure on the operating performance, or any large debt-funded capital expenditure, which could adversely impact the coverage metrics and liquidity position. Specific metrics for ratings downgrade include an interest coverage ratio of less than 2.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Spinning
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has taken a consolidated view of ATPL and RGEPL, considering the common promoter holding and strong linkages

About the company

ATPL, a small-scale spinning unit in Tamil Nadu, was incorporated in 1996 and commercial production commenced in 1998 at Salem. The capacity has been augmented over the years to the current level of 60,051 spindles. The entity was earlier involved in manufacturing cotton and viscose yarn. Post capacity expansion/improvement in FY2023 and FY2024, the entity is manufacturing viscose yarn. ATPL's product profile is concentrated in the coarser counts ranging from 20's to 40's. ATPL sources the major part of its power requirement from its Group company (RGEPL) and the balance power requirement is sourced from Tamil Nadu Electricity Board (TNEB).

Key financial indicators (audited)

	Standalone		Consolidated	
ATPL	**FY2024**	**FY2025***	**FY2024**	**FY2025***
Operating income	243.3	334.5	246.2	335.4
PAT	-3.0	-0.3	1.8	3.2
OPBDIT/OI	5.5%	6.7%	7.8%	8.2%
PAT/OI	-1.2%	-0.1%	0.7%	1.0%
Total outside liabilities/Tangible net worth (times)	4.7	4.6	3.4	3.0
Total debt/OPBDIT (times)	12.0	6.7	8.9	5.8
Interest coverage (times)	1.6	2.0	2.3	2.4

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	July 29, 2025	Date	Rating	Date	Rating	Date	Rating
Cash Credit-Fund Based	Long Term	50.00	[ICRA]BBB- (Stable)	10-May-2024	[ICRA]BBB- (Stable)	25-May-2023	[ICRA]BBB (Negative)	-	-
Unallocated	Long Term/ Short Term	22.46	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-	-	-	-	-
Fund Based- Term loan	Long Term	89.18	[ICRA]BBB- (Stable)	10-May-2024	[ICRA]BBB- (Stable)	25-May-2023	[ICRA]BBB (Negative)	-	-
Fund Based- Others	Short Term	-	-	10-May-2024	[ICRA]A3	25-May-2023	[ICRA]A3+	-	-
Interchangeable-Limits	Short Term	(50.00)	[ICRA]A3	10-May-2024	[ICRA]A3	25-May-2023	[ICRA]A3+	-	-
Non-fund Based-others	Short Term	2.00	[ICRA]A3	10-May-2024	[ICRA]A3	25-May-2023	[ICRA]A3+	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term - Fund Based –Cash Credit	Simple
Long Term - Fund Based –Term Loans	Simple
Short Term – Non-fund Based Facilities	Very Simple
Short Term- Interchangeable Limits	Very Simple
Long Term/Short term- unallocated Limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	50.00	[ICRA]BBB- (Stable)
NA	Term Loans	FY2020-FY2024	NA	FY2026-FY2031	89.18	[ICRA]BBB- (Stable)
NA	Non-Fund Based facilities	NA	NA	NA	2.00	[ICRA]A3
NA	Interchangeable Limits	NA	NA	NA	(50.00)	[ICRA]A3
NA	Unallocated Limits	NA	NA	NA	22.46	[ICRA]BBB- (Stable)/ [ICRA]A3

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Rasi G Energy Private Limited	36.0%	Full Consolidation

Source: Company

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