

September 23, 2025

T C Terrytex Limited: Ratings placed on Watch with Negative Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Cash Credit	136.50	136.50	[ICRA]BBB; Ratings placed on Watch with Negative Implications
Short-term – Non-Fund based – Bank facilities	29.04	29.04	[ICRA]A3+; Ratings placed on Watch with Negative Implications
Long-term Fund-based – Term Loans	44.36	44.36	[ICRA]BBB; ratings placed on Watch with Negative Implications
Long-term Fund-based - Unallocated	10.10	10.10	[ICRA]BBB; ratings placed on Watch with Negative Implications
Total	220.00	220.00	

*Instrument details are provided in Annexure I

Rationale

India's exporters are navigating a turbulent trade environment, with recent tariff hikes by the US threatening to reshape long-standing business dynamics. The latest round of US tariffs, effective August 27, 2025, has imposed a punitive 25% duty on select Indian goods, significantly increasing the overall tariff burden.

TC Terrytex Limited's (TCTL) business has also been impacted by the turbulent trade environment, with most of its products falling under the tariff categories. TCTL generates 30-40% of its overall revenues from the US, which is exposed to elevated tariffs.

The long-term rating for TCTL has been placed on Watch with Negative Implications as the aforesaid development is likely to have a negative impact on the credit profile of TCTL, the extent of which would be ascertained over a period of time, given the nascent stage of development. According to management discussions, TCTL has been actively negotiating with its customers to pass on the increased tariff costs. The initial set of 10% tariff was imposed in April 2025. Thereafter, the tariff was increased to 25% in early August 2025. This 25% increase in tariff was passed on to the customers and there was no impact on business till August. The tariff impact up to 25% (excluding the additional tariff of 25%) has been inbuilt into the pricing with various customers, with no impact on offtake/margins for the company. The order movement has been slower in September, and clients are in wait-and-watch mode at present, as per the management. The entity is further expanding its presence in Europe and Australia to reduce this risk and developments in this regard will be monitored. ICRA notes that the liquidity profile of the company is comfortable with more than Rs. 20 crore cushion in fund-based limits as of August 2025.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

TCTL was incorporated on August 30, 2005 as a public limited company. The company has an installed capacity of 34 metric tonnes per day (MTPD) for towels from 104 looms and 18 MTPD for dyed yarn in Mohali (Punjab). The company's product portfolio includes a wide range of bath towels and kitchen towels, which are exported to some of the large format retailers in Australia and the US (like Kmart Australia Limited, Revman International Inc, Homegoods Inc etc.). Mr. Akhil Satia is the promoter of the company.

Key financial indicators (audited)

Standalone	FY2023	FY2024	FY2025*
Operating income	544.2	654.4	674.0
PAT	11.0	14.0	17.6
OPBDIT/OI	8.6%	8.1%	8.4%
PAT/OI	2.0%	2.1%	2.6%
Total outside liabilities/Tangible net worth (times)	1.9	1.8	Not available
Total debt/OPBDIT (times)	4.4	3.6	3.0
Interest coverage (times)	1.9	2.2	2.5

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore *Provisional financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	23-Sep-25	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based-Cash Credit	Long Term	136.50	[ICRA]BBB) Rating Watch with Negative Implications	Apr 07, 2025	[ICRA]B BB (Stable)	-	-	Jan 29, 2024	[ICRA]B BB- (Stable)	-	-

				May 14, 2025	[ICRA]B BB (Stable)	-	-	-	-	-	-
Fund Based-Term Loan	Long Term	44.36	[ICRA]BBB) Rating Watch with Negative Implications	May 14, 2025	[ICRA]B BB (Stable)	-	-	-	-	-	-
Fund Based-Unallocated	Long Term	10.10	[ICRA]BBB) Rating Watch with Negative Implications	May 14, 2025	[ICRA]B BB (Stable)	-	-	-	-	-	-
Non Fund Based-Others	Short Term	29.04	[ICRA]A3+ Rating Watch with Negative Implications	Apr 07, 2025	[ICRA]A 3+	-	-	Jan 29, 2024	[ICRA]A 3	-	-
				May 14, 2025	[ICRA]A 3+	-	-	-	-	-	-
Fund Based-Cash Credit	Long Tem/Short Term			-	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Cash Credit	Simple
Short -term – Non-Fund based – Bank facilities	Very Simple
Long-term Fund-based – Term Loans	Simple
Long-term Fund-based – Unallocated	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	Long-term Fund-based – Cash Credit	NA	NA	NA	136.5	[ICRA]BBB; rating watch with negative implications
NA	Short -term – Non-Fund based – Bank facilities	NA	NA	NA	29.04	[ICRA]A3+; rating watch with negative implications
NA	Long-term Fund-based – Term Loans	NA	NA	Feb-29	44.36	[ICRA]BBB; rating watch with negative implications
NA	Long-term Fund-based – Unallocated	NA	-	-	10.10	[ICRA]BBB; rating watch with negative implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis-Not Applicable

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