



Press Release

Sivanta Spuntex Private Limited

June 04, 2025

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	<u>Complexity Indicator</u>
Long term Bank Facilities	54.67	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BB+/ Stable (IVR Double B Plus with Stable outlook)	Rating Upgraded	Simple
Short term Bank Facilities	1.33	IVR A3 (IVR A Three)	IVR A4+ (IVR A Four Plus)	Rating Upgraded	Simple
Total	56.00	Rupees Fifty-Six Crores Only.			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has upgraded the long/Short Term rating to Triple B Minus with a Stable outlook & IVR A3 for the bank loan facilities of Sivanta Spuntex Private Limited.

The rating upgrade reflects improvement in operating profitability during FY25 (refers to period from April 01, 2024 to March 31, 2025) with stable revenue, improvement in capital structure, vast experience of promoters in the textile industry and the established relationship with its customers domestically and overseas both. The rating remains constrained by cyclical nature in denim industry coupled with competitive nature of textile industry and susceptibility of its profitability to volatility in raw material prices.

Stable outlook reflects Infomerics' belief that the company continues to benefit at the group level as well as from the experienced promoter in textile industry and established relationship with its customers.

IVR has principally relied on the consolidated and standalone audited financial results of Sivanta Group up to FY24(A) (Review period April 01, 2023 to March 31, 2024) & 12MFY25



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Provisional results of Sivanta Group (Review period April 01, 2024 to March 31, 2025) and Two years projected financials till FY27, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in operating income, operating margin and cash accrual.
- Improvement in capital structure and/or improvement in debt protection metrics with improvement in adjusted overall gearing to below 1x and improvement in interest coverage ratio to above 4.00x
- Improvement in working capital management with improvement in liquidity

Downward Factors

- Moderation in operating income and/or moderation in cash accrual impacting the debt protection metrics on a sustained basis
- Any unplanned capex leading to impairment in capital structure with moderation in adjusted overall gearing to over 2x and/or moderation in interest coverage to below 1.5x
- Stretch in the working capital cycle driven by pile-up of inventory and/or stretch in receivables impacting the liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths



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Experienced partners coupled with long track record of operations:

Mr. Narayan Prasad Ajitsaria (69) and Mr. Vineet Ajitsaria have over 40 years and 20 years of experience, respectively, in textile manufacturing and trading through their involvement with V.N. Dyers & Processors Private Limited and Rishik Spinning Private Limited. Their sectoral experience has contributed to stable operations and the development of long-term customer relationships. The management team is supported by qualified professionals across key functions.

Steady revenue generation amid adverse industry scenario with improvement in operating profitability

The Indian textile industry has gone through a rough phase for past two consecutive fiscal years i.e. FY23 and FY24 owing to multiple geopolitical crisis. Russia Ukraine war followed by the recession in European Union (EU) has led to a sluggish demand of textile products affecting the export which has impacted the domestic cotton and yarn price as well. Under the adverse industry scenario, total operating income of SSPL though slightly moderated, continues to remain steady at Rs.377.85 crore in FY25 as compared Rs.381.94 crore in FY24. Further, supported by reduced raw material prices coupled with better overhead recovery; EBITDA margin of the company has improved to 4.64% in FY25 against 4.01% of FY24. However, Losses of the company has been reduced to 1.11% in FY25 as compared to 1.99% of FY24. Driven by reduction in losses, GCA has improved to Rs.11.19 crore in FY25 (Rs.8.44 crore in FY24) and remain sufficient to meet the scheduled repayment obligations.

Long-term relationships with customers and suppliers

SSPL has well diversified reputable clients in the domestic markets and has a strong base of suppliers. Most of the clients spread across India have been involved with the company for more than six years. The company sources its domestic raw material needs majorly from Madhya Pradesh & Rajasthan, through its varied supplier base. SSPL benefits from the



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promoters' established presence and long-standing relationships with various suppliers across the value chain.

Moderate capital structure with average debt protection metrics

The overall gearing ratio marginally improved and stood at 1.23x as on March 31, 2025, as against 1.33x as on March 31, 2024, mainly due to reduction of total debt in FY25 due advance re-payment of term loan up to March 2026. Total debt remained at Rs. 78.57 crore as on March 31, 2025. Due to the marginal improvement in EBITDA to Rs. 17.54 crore in FY25 and GCA to Rs. 11.19 crore, debt protection metrics, interest coverage ratio and debt service coverage ratio have improved at 2.81x and 1.67x.

Key Rating Weaknesses

Susceptibility to fluctuations in cotton and cotton yarn prices

The company's profitability is susceptible to the movement in the prices of raw cotton which is the key raw material for production of cotton yarn. The prices of raw cotton are volatile in nature and depend upon factors such as area under production, yield, vagaries of monsoon, international demand supply scenario, inventory carry forward from the previous year and export quota along with minimum support price (MSP) decided by the government. Since raw cotton is an agricultural commodity, its availability is limited and primarily depends on the monsoon. This restricts the players from fully passing on the input cost increase to customers or retaining any benefits from lower input costs. As a result, the profit margins of the company are susceptible to the volatility in raw cotton prices.

Presence in highly fragmented and competitive industry and exposure to cyclical nature of industry



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The cotton yarn industry is characterized by a high degree of commoditization and fragmentation, resulting in intense competition among processing units. Low entry barriers, due to modest capital and technology requirements and minimal product differentiation, further intensify competition and constrain pricing power. Profitability remains limited as a result. Additionally, raw cotton availability is seasonal and largely dependent on monsoon patterns, adding another layer of supply-side uncertainty.

Analytical Approach: Combined Approach

For arriving at the rating, Infomerics has taken the combined view of the business and financial risk profiles of Sivanta Spuntex Pvt. Ltd and Rishik Spinning Private Limited together referred to as Sivanta Group. This is because both the companies are engaged in the same line of business, with common promoters and has operational & financial linkages

Applicable Criteria :

[Rating Methodology for Manufacturing entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)
[Criteria for consolidation of companies](#)
[Policy on Default Recognition](#)
[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company is adequate marked by gross cash accrual of Rs. 11.19 crore as against the debt repayment obligation (CPLTD) of Rs. 4.22 crore as on March 31, 2025. The firm has current ratio of 1.91x as of March 31, 2025. The firm has cash and cash equivalents amounting to Rs.1.45 crore as on March 31, 2025. All these factors reflect adequate liquidity position of the company.

About the Company

Mr. Narayan Prasad Ajitsaria and his son Mr. Vineet Ajitsaria incorporated M/s Sivanta Spuntex Private Limited (SSPL) on 12th January 2016. The company was incorporated with the objective of manufacturing textile products, especially yarn and fabric. The commercial



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operations of the company started in June 2018 with an initial investment of Rs.100.50 crore. The total number of installed spindles at SSPL is 44,544 with an annual capacity of 13,496 metric ton (MT). The company usually makes yarn of 16, 24 and 30 counts while catering to client's special requests for higher or lower count produce at the same time. The main raw materials for producing Blended, Polyester and Cotton Yarn are cotton and polyester, which are majorly sourced from traders located in Gujarat, Rajasthan, and Punjab.

Financials (Standalone):

			(Rs. crore)
For the year ended* As on	31-03-2024	31-03-2025	
	Audited	Provisional	
Total Operating Income	295.57	291.34	
EBITDA	14.69	15.65	
PAT	-7.76	-4.53	
Total Debt	94.74	83.49	
Tangible Net worth*	49.15	44.63	
EBITDA Margin (%)	4.97	5.37	
PAT Margin (%)	-2.63	-1.55	
Overall Gearing Ratio (x)	1.93	1.87	
ISCR (x)	2.14	2.51	

*as per Infomerics standards

Status of non-cooperation with previous CRA : Nil

Any other information: : Nil

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24 Dated: March 06, 2024	Date(s) & Rating(s) assigned in 2022-23 Dated: Jan 10, 2023
1	Fund Based facilities	Long Term	54.67	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-	IVR BB+/ Stable (IVR Double B Plus with Stable outlook)	IVR BBB-/Negative



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Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24 Dated: March 06, 2024	Date(s) & Rating(s) assigned in 2022-23 Dated: Jan 10, 2023
							(IVR Triple B Minus with Negative outlook)
2	Non-Fund Based Facilities	Short Term	1.33	IVR A3 (IVR A Three)	-	IVR A4+ (IVR A Four Plus)	IVR A3 (IVR A Three)

Name and Contact Details of the Rating Analyst:

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan - 1			March 2030	13.30	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)
Term Loan – 2			March 2030	8.61	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)
Term Loan – 3			Jan 2029	12.76	IVR BBB-/ Stable



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					(IVR Triple B Minus with Stable outlook)
Cash Credit			-	20.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)
Bank Guarantee			-	1.33	IVR A3 (IVR A Three)

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Sivanta-SpunteX-4june25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis:

Name of Company	Consolidation Approach
Sivanta SpunteX Private Limited	Full Consolidation
Rishik Spinning Private Limited	Full Consolidation

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com