



Press Release

Sri Bhagirath Textiles Limited (SBTL)

April 03, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	286.28* (Decreased from Rs. 291.89 crore)	IVR BBB+/ Positive (IVR Triple B Plus with Positive Outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	Outlook revised from Stable to Positive	Simple
Short Term Facilities	12.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Rating Reaffirmed	Simple
Total	298.28 (Rupees Two Hundred and Ninety-Eight crore and Twenty-Eight lakh Only)				

(*The term loan rated in the previous year amounting to Rs. 13.32 crore have been withdrawn based on No Due Certificate from State Bank of India and at the request of the company and the same is in line with Infomerics policy on withdrawal.)

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The 'Positive' outlook reflects continuous increase in the scale of operations and profitability in FY24 (Audited) (refers to the period from April 1, 2023, to March 31, 2024) backed by the increase in the installed capacity coupled with optimum utilization of the same. Furthermore, expected improvement in the capital structure and debt protection metrics backed by the scheduled repayments of term loan and accretion of profit in the business.

The reaffirmation of the rating assigned to the bank facilities of Sri Bhagirath Textiles Limited (SBTL) continues to factor in comfortable working capital management, experienced management with established track record of operations and significant benefits expected from ongoing capex and its adequate liquidity position

The ratings are however constrained on account of moderate financial risk profile, highly fragmented, competitive, and cyclical nature of industry and inherent volatility associated with raw material prices and its impact on profitability.

The term loan amounting to Rs.13.32 crore is withdrawn as No Dues Certificate has been received from the bankers dated March 21, 2025. The company request for withdrawal has



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also been received. The rating withdrawn is in line with Infomerics' policy on withdrawal of rating.

Key Rating Sensitivities:

Upward Factors

- A sustained & substantial improvement in the revenue and profitability leading the improvement in the debt protection metrics.

Downward Factors

- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.
- Elongation in working capital cycle leading to deterioration in liquidity profile and/or capital structure.
- Any unplanned debt-funded capex of sizeable amount.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Increase in the scale of operations and profitability

SBTL's total operating income increased from Rs 481.21 crore in FY23 (Audited) (refers to the period from April 1, 2022, to March 31, 2023) to Rs 674.62 crore in FY24 (Audited), reflecting a growth of approximately 40%, driven by the operation of newly installed capacity and higher demand for products. Similarly, benefiting from economies of scale, PAT improved from Rs 7.75 crore in FY23 (Audited) to Rs 10.64 crore in FY24 (Audited), registering an increase of around 35%. Driven by a higher average realization of products, the company reported a total operating income of Rs 655.16 crore in 9MFY25 (refers to the period from April 1, 2024, to December 31, 2024), reflecting a growth of approximately 51% from Rs 432.74 crore in 9MFY24 (refers to the period from April 1, 2023, to December 31, 2023). Additionally, PAT improved significantly to Rs 14.79 crore in 9MFY25, compared to Rs 4.80 crore in 9MFY24.

Experienced management with established track record of operations

SBTL is a flagship company of Shri Bhagirath Rander Group. The company was incorporated in the year 1996 by Mr. Ramesh Rander. The company is engaged in manufacturing of cotton yarn, viscose yarn, blended yarn, fabrics and also into trading of cotton bales. Mr. Ramesh



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Bhagirath, Managing Director of SBTL holds more than three decades of experience in textile industry. SBTL has developed healthy relation with its customers which facilitate in securing repeated orders from them.

Significant benefits expected from ongoing capex

As part of its modernization capex, the company is enhancing capacity within its existing unit. The ongoing capital expenditure (capex) includes both modernization in spinning segment and capacity expansion in the knitting segment. Automation of most processes will reduce labour dependency, lower costs, and improve fabric quality, thereby adding more value for customers. While the number of spindles remains unchanged, production output per spindle is set to increase. Additionally, the count capacity has improved, enhancing its value.

Comfortable working capital management

The cotton industry is marked by high inventory holding levels. Cotton is generally procured during the season beginning from October to March to sustain the raw material requirement for upcoming 5-6 months until the start of the next season. Average inventory period stood at 56 days as on March 31, 2024. The operating cycle days stood comfortable at 53 days. The company procures raw materials (cotton) from the areas of Maharashtra and Andhra Pradesh stocks it for about 90-100 days. The debtor days and creditor days stood in the range of 25-35 days as on March 31, 2024 and March 31, 2023.

Key Rating Weaknesses

Moderate financial risk profile

The networth of the company stood at Rs. 171.37 crore and Rs. 186.32 crore as on March 31, 2023, and March 31, 2024, respectively. This includes unsecured loans treated as quasi-equity to the extent of Rs. 65.42 crore and Rs. 69.70 crore, respectively, for the same periods. Due to an increase in debt, the capital structure, as indicated by the overall gearing ratio and TOL/TNW remained marginally moderated to 1.47x and 2.02x as on March 31, 2024 as compared to 1.38x and 1.80x reported as on March 31, 2023, respectively. Similarly, the debt protection metrics declined due to higher interest expenses, with the interest coverage ratio reducing from 2.91x in FY23(A) to 2.24x in FY24(A), while DSCR improved slightly from 1.06x



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as on March 31, 2023, to 1.15x as on March 31, 2024. Nevertheless, these metrics remain at a moderate level.

Inherent volatility associated with raw material prices and its impact on profitability

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. Prices of raw cotton have been volatile over last couple of years, which translates into risk of inventory losses for the industry players.

Highly fragmented, competitive, and cyclical nature of industry

The Indian textile industry consists of large, organized players who contribute to 75 per cent of total installed capacity and the remaining 25 per cent is contributed by unorganized segment. SBTL is a relatively medium player in this space, thereby lacking the benefits of economies of scale. The intense competition in the highly fragmented textile industry also restricts its ability to completely pass on volatility in input cost to its customers. The company is in the textile industry pre-dominantly dependent on cotton.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and post default Curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on withdrawal of ratings](#)

Liquidity – Adequate

Liquidity is adequate marked with sufficient accruals to repay its term debt obligations in the projected period.. The current ratio remains above unity at 1.28x as on March 31, 2024.



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However, due to the high inventory, the quick ratio remained low at 0.68x as on March 31, 2024. The company's working capital limits average utilisation stood at 75-80% for past twelve months ended February 2025. Additionally, the company had cash and cash equivalents of Rs 3.19 crore as on December 31, 2024.

About the Company

Sri Bhagirath Textiles Limited (SBTL) is a flagship company of Shri Bhagirath Rander Group. The company was incorporated in the year 1996 by Mr. Ramesh Rander. The company is engaged in trading of cotton bales and also into manufacturing of cotton yarn, viscose yarn, blended yarn in the count range 12s to 60s. The product portfolio includes cotton ring spun yarns, ring spun yarns, specialty yarns, blended yarns, open end yarns and two-ply yarns. The company has five manufacturing units located in Nagpur (Maharashtra) with installed manufacturing capacity of 87,680 Spindles, 2160 Roters and 45 circular Knitting Machines.

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	481.21	674.62
EBITDA	28.85	59.33
PAT	7.75	10.64
Total Debt	237.27	273.65
Tangible Net Worth	171.37	186.32
EBITDA Margin (%)	6.00	8.79
PAT Margin (%)	1.60	1.57
Overall Gearing Ratio (x)	1.38	1.47
Interest Coverage (x)	2.91	2.24

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Acuite Ratings and Research moved the ratings of the bank facilities of SBTL to the Issuer Not Cooperating category vide its press release dated September 30, 2024 based on non-availability of information.



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Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	January 05, 2024	-
1.	Term Loan	Long Term	161.28	IVR BBB+/ Positive	-	IVR BBB+ Stable	-
2.	Cash Credit	Long Term	95.00	IVR BBB+/ Positive	-	IVR BBB+ Stable	-
3.	Working Capital Demand Loan	Long Term	25.00	IVR BBB+/ Positive	-	IVR BBB+ Stable	-
4.	Bank Guarantee	Short Term	12.00	IVR A2	-	IVR A2	-
5.	Proposed Cash credit	Long Term	5.00	IVR BBB+/ Positive	-	IVR BBB+ Stable	-

Analytical Contacts:

Name: Amit Bhuwania

Tel: (022) 62396023

Email: abhuwania@infomerics.com

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 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.

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Annexure 1: Instrument/Facility Details

Name of Facility /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	95.00	IVR BBB+/ Positive
Term Loan	-	-	-	up to December 2030	161.28	IVR BBB+/ Positive
Working Capital Demand Loan	-	-	-	-	25.00	IVR BBB+/ Positive
Bank Guarantee	-	-	-	-	12.00	IVR A2
Proposed Cash Credit	-	-	-	-	5.00	IVR BBB+/ Positive

Annexure 2: Facility wise lender details –

<https://www.infomerics.com/admin/prfiles/Len-Sri-Bhagirath-Textiles-3apr25.pdf>

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



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Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable

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

