



## Press Release

### Siddhi Industries Limited

**May 23, 2025**

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	17.99	IVR BB+/Stable [IVR Double B Plus with stable outlook]	IVR BB/Negative; INC* [IVR Double B with Negative Outlook; Issuer not cooperating category]	Rating upgraded; outlook revised and removed from Issuer not cooperating category	<a href="#">Simple</a>
<b>Total</b>	<b>17.99</b>	<b>[Rupees Seventeen crore and ninety lakhs only]</b>			

**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

Infomerics Ratings has upgraded its rating assigned to the bank facilities for the long-term facilities to IVR BB+ with change in outlook from Negative to Stable of Siddhi Industries Limited (SIL). Further, the ratings have also been removed from Issuer not cooperating category on account of management cooperation.

The ratings have been upgraded on account of experienced promoters and growing scale of operations. The company also drew support from comfortable capital structure. However, these rating strengths are partially offset by net losses reported during FY24 along with high group exposure in terms of corporate guarantee extended to group entity and presence in fragmented and cyclical textile industry.

The 'Stable' outlook reflects expected improvement in the performance of the company. Infomerics believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of SIL up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

#### Key Rating Sensitivities:

##### Upward Factors



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- Significant and sustained improvement in operating income along with profitability.
- Improvement in debt coverage indicators on a sustained basis.

### Downward Factors

- Any decline in scale of operations or any further losses reported.
- Any further support in the form of corporate guarantee given to the group company.
- Further deterioration in debt protection indicators, wherein, the specific credit metric will be DSCR above unity on a sustained basis.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced Management**

The company is promoted by Mr. Markand V. Parikh along with his son Mr. Jay Parikh and wife Mrs. Meenaben Parikh. The key promoter, Mr. Markand V. Parikh, possesses around four decades of experience of working in different groups of companies engaged in diverse activities. Mr. Govindram Makhanlal Basotia is one of the directors of the company who possesses almost five decades of experience in the textile industry. He looks after the overall operations, administration, marketing of the company. The experience of the management has helped the company to scale up its operations during the short span of time.

- **Growing scale of operations**

The total operating income of the company registered a CAGR of 9.82% during the last three years ending March 31, 2024. Further, y-o-y basis the TOI of the company grew by 1.80% on account of increase in sales volume of cotton yarn, although the realization declined.

- **Comfortable capital structure**

The capital structure of the company stood comfortable marked by overall gearing ratio 0.48x as on March 31, 2024, improved from 0.68 times as on March 31, 2023, mainly on account of decline in total debt. Adjusted Overall Gearing Ratio after taking into



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account Corporate Guarantee given to M/S Siddhi Knitfab Private Limited of Rs. 120.00 Crore as on March 31, 2024, stood at 2.47 times which was 2.19 times as on March 31, 2023, when the amount of corporate guarantee given was Rs. 100 crores. The total indebtedness of the company as reflected in the TOL/TNW has also improved from 0.96 times as on March 31, 2023, to 0.68x as on March 31, 2024, mainly on account of scheduled repayment of bank along with repayment of unsecured loan and lower utilization of bank limits on balance sheet date.

### **B. Key Rating Weaknesses**

- **Net losses reported during FY24**

The profitability margins of the company as marked by EBITDA margin has declined sharply by 402 bps from 6.27% in FY23 to 2.25% in FY24 on account of relatively higher raw material consumption cost along with increase in power and fuel expense. With decline in EBITDA margin, the company reported net losses of Rs. 5.90 crore during FY24 against net profit of Rs. 0.09 crore in FY23. The Gross Cash Accrual of the company also declined substantially from Rs. 6.43 crore in FY23 to Rs. 0.37 crore in FY24 on account of losses registered.

- **High group exposure in terms of corporate guarantee extended to group entity**

The company has extended guarantee for the debt availed by its group entity Siddhi Knitfab Pvt. Ltd. (SKPL) to the tune of Rs.120 crore which is more than its own tangible net worth. SKPL is in the process of setting up a process plant for Dyeing and Printing of Knit Fabric at Ahmedabad.

- **Presence in fragmented and cyclical textile industry**

The textile industry in India is highly fragmented and dominated by a large number of medium and small-scale unorganized players leading to high competition in the industry. Furthermore, textile is a cyclical industry and closely follows the macroeconomic business cycles. The prices of raw materials and finished goods are also determined by global demand supply scenario. Hence, any shift in macroeconomic environment globally would have an impact on the domestic textile industry.



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**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

### **Liquidity – Stretched**

The company's liquidity is stretched marked by in-sufficient cash accruals of against its debt servicing obligation. The company has a current ratio of 1.08x as of March 31, 2024. The unencumbered cash and bank balance of the company stood at Rs. 1.48 crores as on February 28, 2025. The average utilization of fund-based limits stands at 90.31% for 12 months ending March 2025, indicating low cushion to meet the working capital requirement. The operating cycle of the company stood at 52 days in FY24 as compared to 76 days in FY23.

### **About the Company**

Siddhi Industries Limited was incorporated in the year 2011 and commenced its operation from July 2017. Siddhi Industries Limited is promoted by Mr. Markand V. Parikh along with his son Mr. Jay parikh and wife Mrs. Meenaben Parikh. The company belongs to "Siddhi Group" which is having diverse activities like manufacturing of edible Oil, decorative laminates, packaged drinking water, Margarine, sophisticated engineering castings/sand castings, copper components of electric transformers etc. The company has spinning unit with 24480 spindles having installed capacity of 4762 MTPA to manufacture cotton yarn specifically 30s combed hosiery and 40s CW (compact). The unit is situated in Ahmedabad, Gujarat.

**Financials (Standalone):**

**(Rs. crore)**

For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	164.43	167.39



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EBITDA	10.32	3.77
PAT	0.09	-5.90
Total Debt	44.95	28.78
Adj. Tangible Net Worth	66.21	60.30
EBITDA Margin (%)	6.27	2.25
PAT Margin (%)	0.06	-3.53
Overall Gearing Ratio (x)	0.68	0.48
Interest Coverage (x)	2.77	1.11

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** None

**Any other information:** Not applicable

**Rating History for last three years:**

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. 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
					Feb 20, 2025	Dec 21, 2023	Sep 27, 2022
1.	Fund Based Limits	Long Term	17.99	IVR BB+/Stable	IVR BB/Negative; INC	IVR BB+/Stable	IVR BBB-/Stable

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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





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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.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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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
Long Term Facility – Term Loan	-	-	-	Dec 2026	2.99	IVR BB+/Stable
Long Term Facility – Cash Credit	-	-	-	-	15.00	IVR BB+/Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-siddhi-industries-may25.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](http://www.infomerics.com).

