

May 12, 2025

Be One Textiles Private Limited: Ratings reaffirmed and rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Term loans	60.00	60.00	[ICRA]BB- (Stable); reaffirmed
Long term – Fund based - Cash credit	-	30.00	[ICRA]BB- (Stable); reaffirmed /assigned for enhanced amount
Short term – Non fund based limits	-	12.94	[[ICRA]A4; reaffirmed
Long term/Short term – Unallocated	25.00	0.00	-
Total	85.00	102.94	

*Instrument details are provided in Annexure I

Rationale

For arriving at the ratings, ICRA has assessed the standalone credit profile of Be One Textiles Private Limited (Be One) and notched up the standalone ratings, factoring in the implicit support from its parent company, Sri Shanmugavel Mills Private Limited (SSMPL).

The ratings reaffirmation on the bank lines of Be One considers an expected improvement in operational and financial performances over the medium term, supported by long track record and established position of the promoters in the textile industry. Further, the ratings consider the financial flexibility it derives for being a wholly owned subsidiary of Sri Shanmugavel Mills Private Limited (SSMPL, rated at [ICRA]BB(Stable)/[ICRA]A4). Be One reported revenues of Rs. 129.6 crore in FY2025 (provisional), i.e., in its first full year of operations. ICRA notes that Be One is in the process of getting merged with SSMPL and the transaction is subject to various approvals. ICRA would continue to monitor developments in this regard and take appropriate action, if necessary.

The ratings, however, remain constrained by Be One's lower operating profitability and cash losses incurred in FY2025, moderating its financial profile, and erosion in net worth. The ratings remain constrained by its moderate scale of operations, which affects the benefits arising from the economies of scale. The ratings also remain constrained by the commoditised nature of the company's products, which, coupled with the fragmented industry structure, results in limited pricing power and keeps the profitability under check. Further, the ratings factor in the high working capital intensity of Be One's operations due to cotton's seasonal availability and the company's profitability remain vulnerable to volatility in cotton prices.

The Stable outlook on the long-term rating reflects ICRA's expectations that the company is likely to improve its earnings and coverage metrics. Further, the outlook underlines ICRA's expectations that the entity's incremental capex, if any, to further increase 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 track record of promoter Group – SSMPL and Be One enjoy operational synergies as a part of the larger erstwhile SSM Group. The Group is among the largest textile groups in South India, with sizeable capacities in the spinning and the fabric segments. It is the leading supplier in the medium and coarser count hosiery yarn market in Tamil Nadu (which includes the large hosiery hub in Tirupur) and maintains an established presence across other key domestic and export markets. Be One is

a wholly-owned subsidiary of SSMPL, which commenced operations in November 2023. Be One manufactures open-ended yarn and has a capacity of 3,912 rotors.

Credit challenges

Lower profitability and weak coverage indicators – The spinning industry is highly fragmented with a significant share of the unorganised segment. As a result, it enjoys limited pricing power, which is likely to keep its profitability under check. In FY2024, Be One has set up OE yarn manufacturing unit at a cost of ~Rs.117 crore, funded by a Rs.60-crore term loan and Rs.57-crore equity/unsecured loans from SSMPL. The debt-funded project, sizeable repayment obligations, coupled with cash losses incurred in FY2024, led to weakened financial profile and erosion of net worth. The margins further moderated in FY2025 due to weak demand for OE yarn (open-ended yarn), leading to lower realisation. Going forward, a modest recovery in coverage indicators is expected, supported by various cost control initiatives taken by the entity and the planned merger of Be One with SSMPL.

Working capital-intensive operations; susceptible to volatility in cotton and cotton yarn prices – The company operates in a very competitive and commoditised spinning industry, characterised by minimal product differentiation and fragmentation, restricting pricing flexibility. In addition, the requirement to stock cotton during the harvest season makes operations working capital intensive and exposes its profitability to fluctuations in cotton prices. In the past, pressure on yarn realisations constrained the contribution levels of the spinning entities.

Liquidity position: Stretched

Be One's liquidity position is expected to remain stretched, given the lower earnings and high debt repayment obligations. Be One has no major capital expenditure plans, and it has debt repayment obligations of Rs. 9 crore in FY2026. The average utilisation of its fund-based limits over the last 10 months period ending in March 2025 stood at ~70% of its sanctioned limit of Rs.30 crore, leaving a limited buffer of unutilised lines of credit. Revival anticipated in FY2026 is likely to support the debt repayment obligations to an extent, but the company remains dependent on parent/promoters for debt servicing. Besides, promoters have also indicated that funding support would be extended on need basis towards supporting the debt repayment obligations and working capital requirements of the entity.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a healthy and sustained increase in profitability with improvement in liquidity profile and debt protection metrics. Specific credit metrics that could lead to ratings upgrade include a debt service coverage ratio of more than 1.3 times on a sustained basis.

Negative factors – The ratings could be downgraded if there is sustained pressure on the company's operating performance or in case of a deterioration in the credit profile of its parent, which would adversely impact the liquidity and debt protection metrics.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textile - Spinning
Parent/Group support	Implicit support from SSMPL ([ICRA]BB (Stable)/[ICRA]A4) Be One Textiles Private Limited is a wholly owned subsidiary of SSMPL and enjoys operational and financial linkages because of their common ownership
Consolidation/Standalone	The ratings are based on the standalone financial statements of the rated entity

About the company

Incorporated on June 16, 2022, Be One is a wholly-owned subsidiary of SSMPL. The entity manufactures OE yarn and has a capacity of 3,912 rotors and commenced operations w.e.f. November 09, 2023.

SSMPL was set up in 1980 and is involved in the manufacturing of cotton yarn and knitted fabric. The spinning division of SSMPL produces counts ranging from 28s to 50s (with average counts of 30s+ being produced). A bulk portion of the yarn manufactured by the company finds its application in the knitting fabric segment. Following the business restructuring process within the SSM Group and the acquisition of a spinning unit in FY2023, the company has 1,73,040 spindles, 1,464 rotors, 339 knitting machines and windmills of 29 MW.

Key financial indicators (audited)

Be One (Standalone)	FY2024	FY2025*
Operating income	32.6	129.6
PAT	-3.1	-15.1
OPBDIT/OI	6.0%	3.4%
PAT/OI	-9.7%	-11.6%
Total outside liabilities/Tangible net worth (times)	114.4	-12.0
Total debt/OPBDIT (times)	59.3	28.9
Interest coverage (times)	0.5	0.5

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

Instrument	Current rating (FY2026)				Chronology of rating history for the past 3 years					
					FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	60.00	May 12, 2025	[ICRA]BB-(Stable)	Apr 01, 2024	[ICRA]BB-(Stable)	-	-	-	-
Unallocated limits	Long term/Short term	0.00	May 12, 2025	-	Apr 01, 2024	[ICRA]BB-(Stable)/[ICRA]A4	-	-	-	-
Cash credit	Long term	30.00	May 12, 2025	[ICRA]BB-(Stable)	-	-	-	-	-	-
Non fund based	Short term	12.94	May 12, 2025	[ICRA]A4	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund Based - Term loans	Simple

Long term - Fund-based - Cash credit	Simple
Short term – Non fund-based limits	Very Simple

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	Term loans	FY2023	NA	FY2030	60.00	[ICRA]BB-(Stable)
NA	Cash credit	NA	NA	NA	30.00	[ICRA]BB-(Stable)
NA	Non - fund based limits	NA	NA	NA	12.94	[ICRA]A4

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

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Srikumar Krishnamurthy

+91 44 45964318

ksrikumar@icraindia.com

G S Ramakrishnan

+91 44 4596 4300

g.ramakrishnan@icraindia.com

Vilasagaram Nandakishore

+91 40 6939 6407

vilasagaram.nandakishore@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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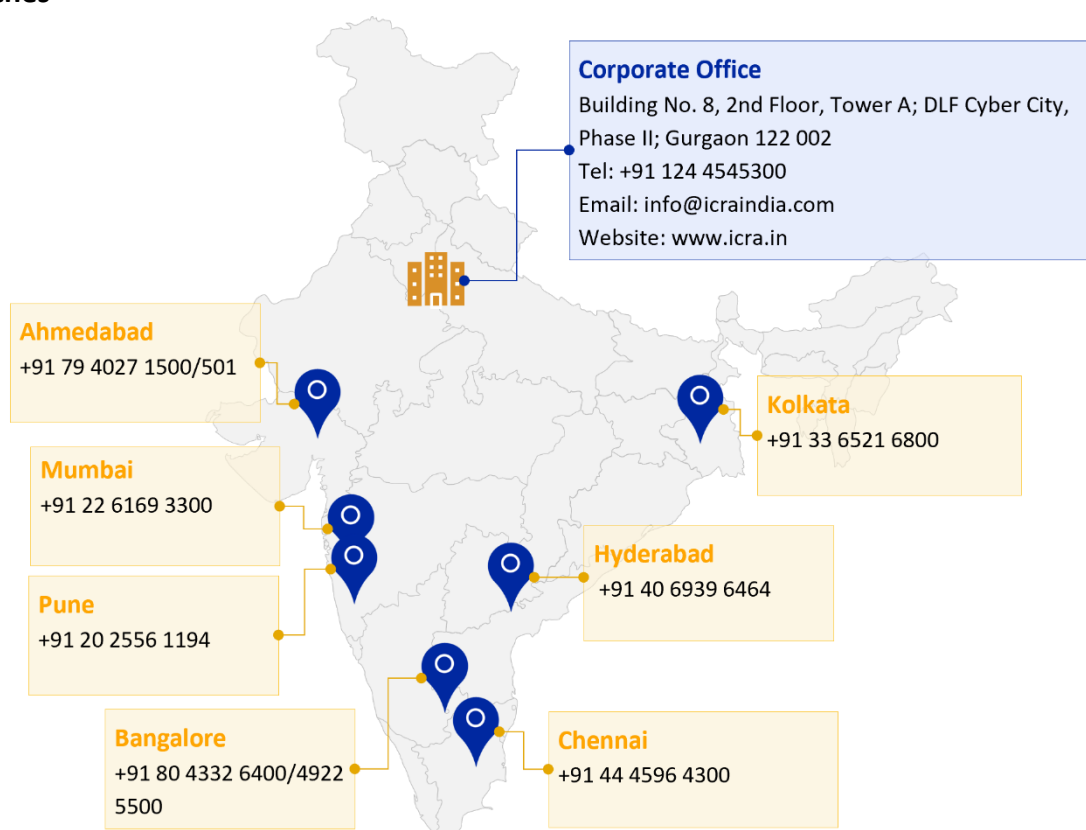
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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