

December 05, 2025

Lambodhara Textiles Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – fund-based – Term loans	50.01	33.73	[ICRA]A- (Stable); reaffirmed
Long-term– fund-based – Working capital facilities	15.00	15.00	[ICRA]A- (Stable); reaffirmed
Short term – Non-fund based	1.13	1.13	[ICRA]A2+; reaffirmed
Short term – Unallocated	2.09	0.65	[ICRA]A2+; reaffirmed
Total	68.23	50.51	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation on the bank lines of Lambodhara Textiles Limited (LTL) considers the increase in the scale of operations witnessed in FY2025 and H1 FY2026 and an expected improvement in its operational and financial performance over the medium term, supported by its established market position in the synthetic yarn segment and experience of its promoters. LTL's revenues grew by 19% on a year-over-year (YoY) basis to Rs. 231.7 crore in FY2025 and rose further by 4.4% YoY to Rs. 121.6 crore in H1 FY2026. This growth was supported by increased sales volume due to expanded capacities and a modest improvement in realisation. LTL's operating margins improved by 130 bps on a YoY basis to 10.0% in FY2025 and further to 12.3% in H1 FY2025, aided by the rising proportion of Siro Compact Yarn in its overall sales mix and scale economics. The ratings remain supported by the healthy financial profile of the company, as reflected by total outside liabilities/tangible net worth (TOL/TNW) of 0.7 times and total debt/operating profit before depreciation, interest, taxes and amortisation (TD/OPBDITA) of 2.1 times in FY2025. Going forward, LTL's earnings are likely to remain supported by its steady source of interest income from cash and liquid investments of Rs. 27.4 crore as on September 2025 and its captive power generation capability, which is meeting its entire power requirements. The ratings also favourably consider the healthy capacity utilisation level and value-added synthetic yarn in the overall product mix. Further, prudent working capital management by the company, translating into low working capital intensity operations, provides comfort to the ratings, while maintaining a strong liquidity position.

The ratings, however, remain constrained by LTL's moderate scale of operations, susceptibility of its earnings to fluctuations in raw material prices and exchange rates as well as limited customer concentration risks. LTL's finance costs increased to Rs. 5.3 crore in H1 FY2026 compared to Rs. 3.6 crore in H1 FY2025, owing to higher repayment outflow towards its foreign currency-denominated borrowings due to the rupee depreciating against the euro. This resulted in moderated coverage indicators, with interest coverage ratio and debt service coverage ratio reducing to 2.8 times and 1.4 times, respectively, in H1FY2026, compared to 5.4 times and 1.5 times in FY2025. The ratings are also constrained by the fragmented structure of the spinning industry, leading to competition among many organised and unorganised players, keeping margins under check.

The Stable outlook on the long-term rating reflects ICRA's expectation that LTL is likely to improve its revenues and operating metrics over the medium term. Further, the outlook underlines ICRA's expectation that the entity's incremental capital expenditure (capex), if any, to further increase the capacity will be funded in a manner enabling it to durably maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Extensive experience of the promoters – Extensive experience of the promoters of more than two decades has helped the company in establishing healthy relationships with its client base and dealer network, thus supporting its order flows. The same has helped deliver a steady performance over the last four years, albeit with a moderation in FY2024 due to weak demand conditions. The company had registered revenues of Rs. 231.7 crore in FY2025 with a YoY growth of 19%. The revenue had further increased by 4.4% to Rs. 121.6 crore in H1 FY2026. The revenues are expected to remain supported by healthy demand environment and better utilisation of installed capacities.

Comfortable financial profile – LTL's financial profile remains comfortable, with its conservative capital structure and adequate coverage indicators. Owing to higher repayment outflow towards its foreign currency-denominated borrowings due to the rupee depreciating against the euro, LTL's finance costs increased to Rs. 5.3 crore in H1 FY2026 compared to Rs. 3.6 crore in H1 FY2025. This had resulted in moderated coverage indicators with interest coverage ratio and debt service coverage ratio reducing to 2.8 times and 1.4 times, respectively, in H1 FY2026, compared to 5.4 times and 1.5 times in FY2025. However, healthy cash reserves of LTL for Rs. 27.4 crore, as compared to borrowings of Rs. 39.4 crore as of September 2025 provide comfort. Total debt to operating profit remained comfortable at 1.3 times and TOL/TNW at 0.6 times in H1 FY2026. Going forward, LTL's credit profile is expected to still be comfortable due to the lack of major debt-funded expansion planned by the entity and its healthy cash reserves.

Diversified product portfolio – LTL enjoys an established market position in the synthetic yarn segment, with a diversified product base across fibres, blends and count ranges, which limit the impact of demand risks on any one product segment. Further, the company's presence in the value-added segment and the customised nature of the major portion of its products have lent some stability to volumes and earnings over the years.

Credit challenges

Moderate scale of operations and concentration risks – LTL's scale of operations remains moderate, with revenues of Rs. 231.7 crore in FY2025. Revenue from yarns manufactured and sold (excluding the traded goods) has been limited, primarily owing to capacity constraints, which limit the economies of scale to an extent in a capital-intensive sector. Revenues are also exposed to asset and customer concentration risks, with 35.1% of revenues derived from the top 10 customers in FY2025. These risks are mitigated to some extent by LTL's presence in the value-added segment, which supported its profitability. Besides, established relationships with its suppliers and key customers lend some stability to volumes and earnings.

Exposure to fluctuations in raw material prices and exchange rates – LTL's operating profitability remains exposed to volatility in key raw material prices, including polyester and viscose, as it has relatively limited pricing flexibility in a fragmented industry. Its earnings have been protected to an extent by the company's presence across a diversified product base and in niche segments. Further, the company's profitability is exposed to fluctuations in exchange rates, given its import requirements and foreign exchange-denominated loans, though the risk is limited by some natural hedge enjoyed through exports.

Environmental and social risks

Environmental considerations: As LTL operates in the textile sector and is involved in spinning manmade yarn, its exposure to environmental risks emanates from the climate transition risks that could affect the prices of crude oil derivatives used for manmade fibre blending. Nevertheless, the environmental risk is mitigated in view of the relatively inelastic long-term demand from the end-user industries, including apparels and footwear, which should enable the company to pass on the associated increase in the costs to the buyers. This apart, the manufacturing process involves generation of waste. If these are discharged without adequate treatment (in breach of the statutorily permissible levels), it could invite fines and penalties. While the above has not resulted in material implication so far, policy actions towards waste management such as the need to recycle the packaging waste could have cost implications for entities in the sector, including LTL.

Social considerations: LTL is exposed to the risk of disruptions due to inability to manage human capital in terms of their safety and overall well-being. Further, any significant increase in wage rates may impact the cost structure and margins to an extent. Measures taken towards employee welfare and healthy value addition to the business have not resulted in any material impact on the company's performance so far.

Liquidity position: Strong

LTL's liquidity position is expected to remain Strong, supported by its steady earnings from operations, cash and liquid investments held and adequate unutilised lines of credit. Availability of free cash buffer, including cash reserves and liquid investments, stood at around Rs. 27.4 crore as on September 30, 2025. Further, the company's working capital limits of Rs. 15.0 crore remained unutilised as on September 30, 2025, and the average utilisation of its fund-based limits over the past 12 months ending September 2025 stood at a minimal 4.4%. LTL has debt repayment obligations of Rs. 12.1 crore in FY2026, and its cash flows are likely to remain comfortable with healthy fund flow from operations.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company registers a substantial growth in revenues and earnings, while maintaining its comfortable debt protection metrics and liquidity position.

Negative factors –LTL's ratings may be downgraded if there is sustained pressure on its operating performance or any major debt-funded capex, which would adversely impact its capital structure and liquidity position. A specific metric that may result in ratings downgrade includes debt to operating profit deteriorating to more than 2.3 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Spinning
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the rated entity.

About the company

Lambodhara Textiles Limited, incorporated in 1994 at Coimbatore, manufactures and sells synthetic yarn. The company manufactures 100% synthetic yarn like PSF yarn, VSF yarn and blended yarns like PV yarn and PC yarns in the count range of 30s to 60s. The company also produces value-added synthetic yarns like neppy yarn, slub yarn, multi-twist yarn, siro yarn and other fancy yarns. LTL has an installed capacity of 43,592 spindles and leased capacity of 9,120 spindles. It also has three windmills and a solar power plant with a total generation capacity of 11.05 MW. The company has a commercial complex with a built-up area of 28,380 sq. feet in Coimbatore.

Key financial indicators (audited)

LTL (Standalone)	FY2024	FY2025	H1FY2026*
Operating income	194.7	231.7	121.6
PAT	4.6	6.8	5.5
OPBDIT/OI	8.7%	10.0%	12.3%
PAT/OI	2.4%	2.9%	4.5%
Total outside liabilities/Tangible net worth (times)	0.8	0.7	0.6
Total debt/OPBDIT (times)	3.3	2.1	1.3
Interest coverage (times)	5.3	5.4	2.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 05, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based - term loans	Long term	33.73	[ICRA]A-(Stable)	Jan 31, 2025	[ICRA]A-(Stable)	Dec 07, 2023	[ICRA]A-(Stable)	Mar 01, 2023	[ICRA]A-(Stable)
								Dec 07, 2022	[ICRA]A-(Stable)
Fund-based - working capital facilities	Long term	15.00	[ICRA]A-(Stable)	Jan 31, 2025	[ICRA]A-(Stable)	Dec 07, 2023	[ICRA]A-(Stable)	Mar 01, 2023	[ICRA]A-(Stable)
								Dec 07, 2022	[ICRA]A-(Stable)
Non-fund based	Short term	1.13	[ICRA]A2+	Jan 31, 2025	[ICRA]A2+	Dec 07, 2023	[ICRA]A2+	Mar 01, 2023	[ICRA]A2+
								Dec 07, 2022	[ICRA]A2+
Unallocated limits	Short term	0.65	[ICRA]A2+	Jan 31, 2025	[ICRA]A2+	Dec 07, 2023	[ICRA]A2+	Mar 01, 2023	[ICRA]A2+
								Dec 07, 2022	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based - Term loans	Simple
Long-term – Fund-based - Working capital facilities	Simple
Short-term – Non-fund based	Very Simple
Short-term – 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	Term loans	FY2017-FY2025	-	FY2026-FY2030	33.73	[ICRA]A- (Stable)
NA	Cash credit	-	-	-	15.00	[ICRA]A- (Stable)
NA	Non-fund based facility	-	-	-	1.13	[ICRA]A2+
NA	Unallocated	-	-	-	0.65	[ICRA]A2+

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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