

January 30, 2026

## Jiwarajka Textile Industries: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund based – Cash credit	65.00	65.00	[ICRA]A- (Stable); reaffirmed
Long-term – Fund based – Term loans	74.42	69.05	[ICRA]A- (Stable); reaffirmed
Short-term – Non-fund based limits	7.25	7.25	[ICRA]A2+; reaffirmed
Long-term/Short-term – Unallocated limits	0.33	5.70	[ICRA]A- (Stable)/[ICRA]A2+; reaffirmed
<b>Total</b>	<b>147.00</b>	<b>147.00</b>	

\* Instrument details are provided in Annexure-I

### Rationale

The reaffirmation of the ratings of Jiwarajka Textile Industries (JTI), involved in manufacturing and marketing of man-made yarn, reflects the entity's satisfactory operational and financial performances in FY2025 despite industry-wide headwinds in the export markets, which is expected to improve further in the current fiscal. The operating income improved by around 10% to Rs. 567.6 crore in FY2025 from Rs. 514.6 crore in FY2024, driven by higher sales in the domestic market. The operating profit margin (OPM) of JTI remained at around 3.4% in FY2025, similar to the previous fiscal despite fall in realisation as the same was offset by a similar drop in raw material prices. However, the OPM is likely to improve in the current fiscal as the entity has already achieved a top line of around Rs. 308 crore (Rs. 470 crore in 9M FY2026) in H1 FY2026 and posted an OPM of around 7% during the same period. This improvement in OPM was primarily driven by efficient procurement of raw materials despite a sequential decline in realisation. The ratings continue to be supported by the promoters' long experience in the textile industry and the firm's track record of healthy capacity utilisation and higher proportion of value added texturised yarn in the overall product mix. Further, prudent working capital management by the firm, as reflected by an average working capital utilisation of around 28% over the past nine months ending in December 2025, provides adequate liquidity buffer. JTI's gearing improved to 0.1 times in FY2025 from 0.4 times in FY2024 due to reduction in external borrowings. JTI's gearing and TD/OPBDITA will moderate and remain elevated in the near-to-medium term given the term loan contracted to fund the ongoing capex to add capacity for manufacturing industrial drawn yarn (IDY) and mother yarn. Additionally, the interest coverage and the debt service coverage ratio (DSCR), which are expected to remain comfortable in the current fiscal, will be impacted from FY2027 when debt service obligations increase.

The ratings, however, continue to be constrained by the firm's moderate scale of operations and vulnerability of its revenue and margins to volatility in the prices of its key raw materials, which exhibit high correlation with volatile crude oil prices. The ratings also factor in the intense competition in the industry and the commoditised nature of products, which limit the firm's pricing flexibility. The risk of capital withdrawal from the firm, which could adversely impact its liquidity profile and the net worth base, also puts pressure on the ratings.

The Stable outlook on the long-term rating reflects ICRA's expectations that JTI would be able to maintain its business position while sustaining the profitability levels with limited debt servicing obligations.

## Key rating drivers and their description

### Credit strengths

**Healthy capacity utilisation, wide product portfolio and a diversified customer base** – JTI's capacity utilisation remained at a high level over the past five years, with the firm recording production of around 73,000 MT in FY2025 and around 62,000 MT in 9M FY2026 (66,000 MT in FY2024). The utilisation levels were supported by a wide product portfolio of manmade yarn, which enables the firm to serve a large market segment. The product mix of JTI is dominated by value-added texturised yarn and fully drawn yarn, which account for more than 60% of its revenues. The firm's business remains diversified with the top five customers accounting for around 34% of its revenue and exports contributing less than 10% to revenue in FY2025.

**Comfortable capital structure and healthy debt protection metrics, but would moderate to an extent, going forward, given the ongoing debt-funded capex** – The firm's debt profile as on March 31, 2025, comprised term loans worth around Rs. 7 crore, working capital borrowings worth around Rs. 1 crore and unsecured loans from partners and relative parties worth around Rs. 8 crore. JTI's capital structure remains comfortable with a gearing of 0.1 times and TOL/TNW of 0.3 times in FY2025. Although its TD/TNW is expected to moderate somewhat in the current fiscal due to the term loan taken to fund the ongoing capex, it would still remain conservative at around 0.6 times. The interest coverage is also expected to remain at a comfortable level. Nevertheless, the entity's debt protection metrics are likely to be adversely impacted from FY2027 when debt service obligations increase. However, the extent of impact will depend on how quickly and profitably the entity can scale up its operations.

**Moderate working capital intensity of operations** – JTI's working capital intensity remains moderate, characterised by net working capital/operating income remaining below 22% over the last five years on account of prudent inventory and receivables management. The firm maintains raw materials inventory of 40-50 days to mitigate the price risk. On the receivables front, domestic customers are extended a credit period based on market conditions. However, for export orders, the firm seeks an advance of 10-20% on order confirmation and receives the balance within 60 days on an average after receipt of goods.

**Extensive experience of partners in the textile industry** – The firm commenced operations in 1985 as a yarn trading enterprise and subsequently ventured into yarn spinning in 1992, following the acquisition of Saheli Industries. Its partners have a long experience spanning more than three decades in the manmade yarn industry and have established relationships with key customers and suppliers.

### Credit challenges

**Susceptibility of revenue and profit margins to volatility in prices of raw materials and finished goods** – The firm's primary raw material, polyethylene terephthalate (PET) chips, is a crude oil derivative, price of which is highly correlated with that of crude oil. The price of polyester yarn is also market driven and is loosely correlated with the price of crude oil. Any adverse movement in the prices of raw materials may lead to a moderation in the firm's gross margins, translating into lower cash accruals.

**Sizeable ongoing debt-funded capex** – JTI is in the process of implementing a sizeable debt-funded capex of around Rs. 90-95 crore to add new manufacturing capacity for IDY and mother yarn. The same is funded by a term loan of Rs. 65 crore and the balance through capital infusion and internal accruals of the firm. The partners have already infused around Rs. 20 crore in Q3 FY2026 to fund the project. Delay in receipt of imported machinery had postponed the commissioning of the project and the same is now expected to be commissioned in February 2026. However, there have been no cost overruns in the project. Successful commissioning of the project will enable the firm to diversify its product range with incremental revenue, coupled with slightly high margins.

**Commoditised nature of products and fragmented industry structure limit pricing flexibility** – The polyester textile industry in India is characterised by intense competition owing to the high level of fragmentation and low entry barriers across the value chain. Further, polyester yarn is a commodity with limited scope for product differentiation, and its prices are determined by the market. This limits the pricing flexibility available to the firm.

**Risk of capital withdrawal from the partnership** – The partnership constitution of JTI exposes it to the risk of capital withdrawal by the partners, which could have an adverse impact on its net worth base, capital structure, debt coverage metrics and liquidity profile.

### Liquidity position: Adequate

JTI's liquidity remains adequate, with a cash flow from operations of more than Rs. 36 crore in FY2025. However, the same is expected to remain marginally negative in the current fiscal and FY2027 owing to an increase in the working capital requirement to support revenue growth. The firm's annual debt repayment obligation remains limited at around Rs. 2.1 crore in FY2026 and Rs. 4.9 crore in FY2027. ICRA also derives comfort from the healthy liquidity buffer available to the firm owing to low average utilisation of bank limits, which stood at around 28% of the sanctioned limits over the 9-month period ending on December 31, 2025. The firm has taken sanction of a new term loan of Rs. 65 crore in December 2024 and infused capital of Rs. 20 crore in Q3 FY2026 to fund its capex plan for adding new capacity of IDY and mother yarn in FY2026. ICRA also notes that the new term loan does not have any immediate repayment obligation owing to moratorium of two years from the date of its disbursement, providing comfort to the liquidity over the medium term. However, sizeable debt-funded capex and the risk of capital withdrawals constrain the firm's liquidity profile.

### Rating sensitivities

**Positive factors** – ICRA may upgrade JTI's ratings if the firm registers a healthy growth in revenue and earnings, driven by the newly set-up capacity while improving its profit margins and debt protection metrics and liquidity on a sustained basis.

**Negative factors** – Pressure on JTI's ratings could emerge if a substantial decline in revenue and/or profitability puts pressure on the cash accruals or if a deterioration in the working capital cycle weakens the liquidity profile on a sustained basis. Any additional material debt-funded capex and any sizeable capital withdrawal by the partners, impacting the liquidity profile, could also put pressure on the ratings. Specific credit metrics that may result in ratings downgrade include DSCR below 1.8 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate credit rating methodology</a> <a href="#">Textiles - Spinning</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

### About the company

Jiwarajka Textile Industries (JTI) is a partnership firm engaged in manufacturing and marketing of man-made yarn including polyester texturized yarn (PTY), partially oriented yarn (POY), fully drawn yarn (FDY), cotluc full dull yarns, dope dyed yarns, crimp yarns and micro yarns. It has a total of 18 texturised machines and 145 winding machines at its facilities located in Daman and Silvassa with a manufacturing capacity of around 53,225 MTPA. Registered in 1985, JTI started off with trading of polyester yarn. After having a strong foothold in the market, the firm advanced into manufacturing fabric by hiring a number of power

looms. At this stage, the firm was supplying yarn to its manufacturing unit and selling fabric in the market till 1990. However, it continued to trade yarn and in 1992, the firm started manufacturing polyester yarn.

### Key financial indicators (audited)

Jiwarajka Textile Industries	FY2024	FY2025	H1 FY2026*
Operating income	514.6	567.6	308.3
PAT	7.4	9.6	19.5
OPBDIT/OI	3.4%	3.4%	7.1%
PAT/OI	1.4%	1.7%	6.3%
Total outside liabilities/Tangible net worth (times)	0.5	0.3	0.6
Total debt/OPBDIT (times)	2.5	0.8	1.9
Interest coverage (times)	4.9	6.7	11.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; \*Provisional numbers; 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 ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	Jan 30 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	69.05	[ICRA]A-(Stable)	Jan 31, 2025	[ICRA]A-(Stable)	Dec 29, 2023	[ICRA]A-(Stable)	Sep 08, 2022	[ICRA]A-(Stable)
Cash credit	Long term	65.00	[ICRA]A-(Stable)	Jan 31, 2025	[ICRA]A-(Stable)	Dec 29, 2023	[ICRA]A-(Stable)	Sep 08, 2022	[ICRA]A-(Stable)
Bank guarantee	Short term	7.25	[ICRA]A2+	Jan 31, 2025	[ICRA]A2+	Dec 29, 2023	[ICRA]A2+	Sep 08, 2022	-
Unallocated limits	Long term/ Short term	5.70	[ICRA]A-(Stable)/ [ICRA]A2+	Jan 31, 2025	[ICRA]A-(Stable)/ [ICRA]A2+	Dec 29, 2023	[ICRA]A-(Stable)/ [ICRA]A2+	Sep 08, 2022	[ICRA]A-(Stable)/ [ICRA]A2+

### 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 facilities	Simple
Long-term/ Short-term – Unallocated limits	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	FY2022	8.5-9.0%	FY2034	69.05	[ICRA]A-(Stable)
NA	Cash Credit	NA	9.0%	NA	65.00	[ICRA]A-(Stable)
NA	Bank Guarantee	NA	NA	NA	7.25	[ICRA]A2+
NA	Unallocated Limits	NA	NA	NA	5.70	[ICRA]A-(Stable)/ [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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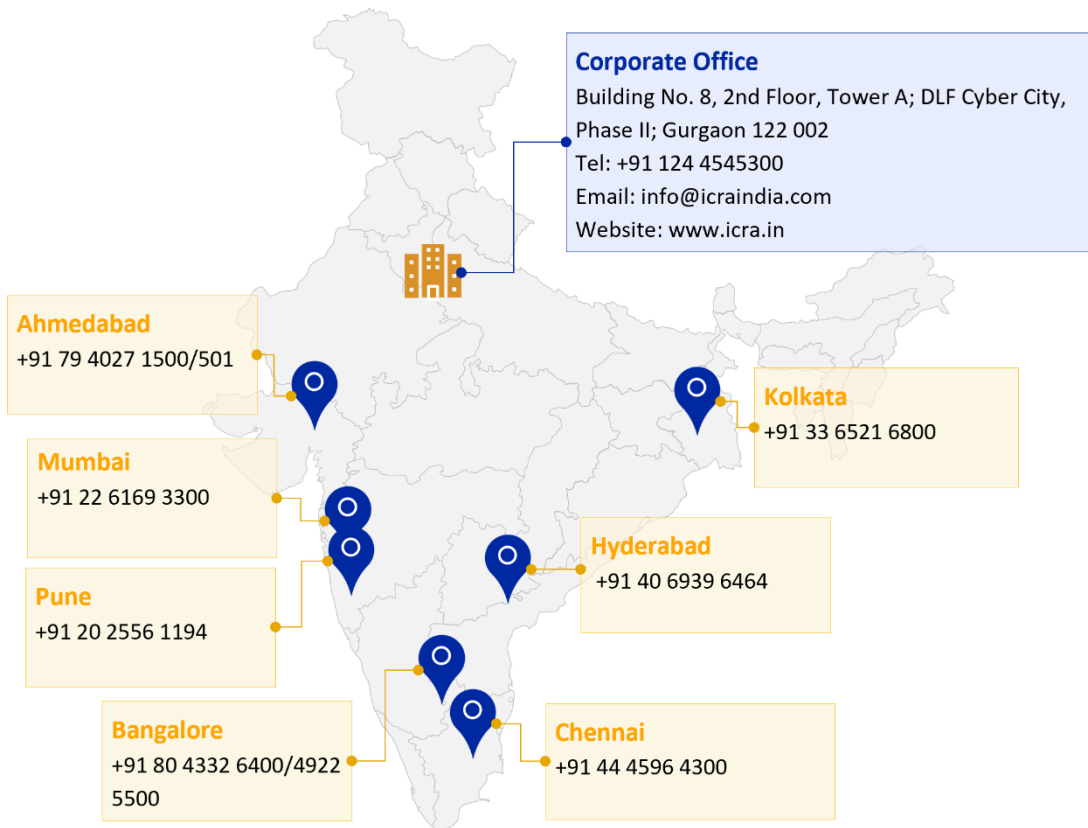
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