

March 24, 2026

## S.N.Q.S Internationals Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long-term – Fund-based – Working capital limits	0.00	26.20	[ICRA]BB (Stable); reaffirmed
Long-term – Fund-based – Term loans	10.00	9.64	[ICRA]BB (Stable); reaffirmed
Long-term – Fund-based – Export packing credit	20.20	0.00	-
Long-term/Short-term – Unallocated limits	14.80	9.16	[ICRA]BB (Stable)/[ICRA]A4; reaffirmed
<b>Total</b>	<b>45.00</b>	<b>45.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The ratings reaffirmation for the bank lines of S.N.Q.S International Private Limited (SIPL) consider the extensive experience of the promoters in garment exports as well as its long relationships with established brands, which have been aiding repeat orders over the years. Although revenues remained range-bound at Rs. 100-110 crore in FY2024-FY2025, with a modest growth of 1.4% in FY2025, the operating profitability margins (OPM) expanded to 7.0% in FY2025 from 5.7% in FY2024, driven by softening of raw material prices and reduction in job work charges. Further, SIPL's focus on customer diversification and likely ramp-up of socks division sales are expected to support revenue growth from FY2027.

However, the ratings are constrained by SIPL's moderate scale of operations and its modest financial risk profile, as reflected in an interest coverage ratio of 2.1 times and a Total Debt/OPBDITA of 4.9 times in FY2025. Additionally, the company has undertaken sizable debt-funded capital expenditure (capex) towards machinery for digital printing and the socks division. Although these debt-funded expansions are expected to generate long-term benefits, the debt coverage indicators are likely to remain modest over the near term due to higher finance expenses and sizable debt repayment obligations. Additionally, the company continued to depend on ad hoc limits for its working capital requirements. SIPL's ability to improve its earnings and/or timely funding support from the promoters would remain critical for timely servicing of debt/interest and will continue to be a key monitorable. The ratings also continue to be constrained by intense competition, which limits its pricing flexibility. Further, the ratings remain exposed to demand trends in key export markets, fluctuations in raw material prices and volatility in exchange rates.

The Stable outlook on the long-term rating reflects ICRA's expectation that SIPL is likely to improve its earnings and coverage metrics. Further, the outlook underlines ICRA's anticipation 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 promoters** – SIPL's promoters have over two decades of experience in the textile industry, which has enabled them to expand the business and meet the requirements of reputed players.

**Long relationship with established brands and production capacities** – SIPL has established partnerships with major international customers, such as Harley Davidson, Primark Group, Otto GmbH, and many others. The company's volume offtake has remained steady with its end customers over the years. Further, the entity has in-house embroidery and apparel manufacturing units with a capacity to manufacture 6 lakh pieces per month, and its offerings continue to be diversified across products and end users.

### Credit challenges

**Moderate scale of operations** – SIPL's scale of operations remained moderate, with revenues of Rs. 108.9 crore in FY2025. The moderate scale, coupled with the intense competition in the textiles industry, continues to limit its revenue growth. Nevertheless, revenues over the medium term are likely to be supported by the company's established presence in the market, long customer relationships as well as customer diversification measures

**Modest financial profile** – SIPL's financial profile is characterised by modest leverage and coverage indicators, due to the working capital-intensive nature of operations and debt-funded capex incurred during recent years. Besides, lower earnings resulted in weakening of its debt protection metrics. The company's Total Debt/OPBDITA and interest coverage ratios have moderated to 4.9 times and 2.1 times, respectively, in FY2025 from 5.1 times and 2.4 times, respectively, in FY2024. While its revenues and earnings are likely to improve gradually in the medium term, coverage metrics are expected to remain modest due to considerable debt repayment obligations

**Exposure to client concentration risk, volatility in raw material prices and demand trends in key export markets** – SIPL's revenues remain exposed to customer concentration, with the top five customers/brands contributing around 92% to its revenues in FY2025 (87% in FY2024). Further, a major portion of the business is generated from the UK and the US markets, which exposes its earnings to demand trends, regulations and duty structures across these markets. However, comfort can be derived from the strong profile of SIPL's clientele and its long association with them, along with an established track record of repeat orders. Like other apparel exporters, the company's earnings remain exposed to the fluctuations in raw material prices and exchange rates on the back of intense competition, limiting the pricing flexibility. Further, high dependence on export incentives exposes its profitability and competitiveness in the international markets to any adverse change in the export incentive structure.

### Liquidity position: Stretched

SIPL's liquidity position is expected to remain stretched, considering the limited buffer available in its working capital borrowings. Its average fund-based utilisation for the last 12 months ending January 2026 stood at 94.7%. Additionally, the company continued to depend on ad hoc limits for its working capital requirements. SIPL has planned capex of Rs. 7-8 crore in FY2026, funded through a term debt of Rs. 4.2 crore and internal accruals/unsecured loans from promoters, and it has debt repayment obligations of Rs. 2.9 crore in FY2026 and Rs. 3.5 crore in FY2027. It is likely to receive need-based support from promoters, which would be a key rating monitorable.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded in case there is a sustained increase in the company's revenues and earnings, leading to an improvement in debt protection metrics and liquidity position. A specific credit metric that could lead to ratings upgrade includes an interest coverage of more than 2.8 times on a sustained basis.

**Negative factors** – The ratings could witness a downward revision in case of any sharp deterioration in revenue and earnings, resulting in a weakening of debt protection metrics on a sustained basis. Further, an elongation of the working capital cycle, which would adversely impact the liquidity position on a sustained basis, could lead to a rating downgrade.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Textiles - Apparels</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the rated entity.

## About the company

S.N.Q.S. International Private Limited was incorporated in 2016 by the transfer of the manufacturing and export divisions of SNQS International (a sole proprietorship firm). It is a closely held company and is managed by Mr. Elangovan and Mrs. Shanthi Elangovan. SIPL exports ready-made garments mainly to the US and the UK. The company's production unit is at Tirupur with an installed capacity of 6 lakh pieces per month and has 450 sewing machines. SIPL has set up its socks manufacturing unit at Tirupur.

## Key financial indicators (audited)

SIPL (standalone)	FY2024	FY2025
Operating income (OI)	107.4	108.9
PAT	1.5	1.7
OPBDIT/OI	5.7%	7.0%
PAT/OI	1.4%	1.6%
Total outside liabilities/Tangible net worth (times)	5.7	5.6
Total debt/OPBDIT (times)	5.1	4.9
Interest coverage (times)	2.4	2.1

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

## 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					
	Type	Amount Rated (Rs Crore)	Mar 24, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Working capital limits	Long-term	26.20	[ICRA]BB (Stable)	-	-				
Term loans	Long-term	9.64	[ICRA]BB (Stable)	Dec 20, 2024	[ICRA]BB (Stable)	-	-	-	-
Unallocated limits	Long-term/ Short-term	9.16	[ICRA]BB (Stable)/ [ICRA]A4	Dec 20, 2024	[ICRA]BB (Stable)/ [ICRA]A4	-	-	-	-
Fund based - Export packing credit	Long-term	0.00	-	Dec 20, 2024	[ICRA]BB (Stable)	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Working capital limits	Simple
Long-term – Fund-based – Term loans	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	Working capital limits	NA	NA	NA	26.20	[ICRA]BB (Stable)
NA	Term loans	FY2022-FY2026	NA	FY2027-FY2031	9.64	[ICRA]BB (Stable)
NA	Unallocated limits	NA	NA	NA	9.16	[ICRA]BB (Stable)/ [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

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