

April 02, 2026

Spunweb Nonwoven Limited: [ICRA]BBB-(Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Issuer Rating	0.00	[ICRA]BBB-(Stable); assigned
Total	0.00	

*Instrument details are provided in Annexure I

Rationale

For arriving at the rating, ICRA has taken a consolidated view of two entities of the Spunweb Group (referred to as the Group, hereafter), namely Spunweb Nonwoven Limited (SNL) and Spunweb India Private Limited (SIPL), given the close business, financial and managerial linkages between them (refer to the Analytical Approach for details).

The rating assigned to SNL consider the promoters' extensive experience in the non-woven fabric segment, an established manufacturing presence, long customer relationships, and a diversified product profile that serves various industries. The Group commenced operations in 2015 and currently has two manufacturing units located at Wankaner, Gujarat. The products manufactured by the entity find applications across hygiene, medical, packaging and other miscellaneous sectors. The Group derives around 52.0% of its revenues from the hygiene segment, 25.0% from the packaging sector and 23.0% from other segments. Over the past three years, the Group has registered healthy growth (CAGR 16.2%) with revenues rising to Rs. 265.7 crore in FY2025. In H1 FY2026, revenues stood at Rs. 137.0 crore and are likely to register a modest revenue growth in FY2026. The operating margins, post witnessing a 70-bps moderation (YoY) to 15.6% in FY2025, improved by 200 bps to 17.6% in H1 FY2026, aided by reduced raw material prices. The ratings also consider the improvement in its capital structure aided by recent funds raised through IPO done for Rs. 55.1 crore in July 2025 (net of issue expenses). This has improved the capital structure with its net worth rising to Rs. 110.2 crore in H1 FY2026 compared with Rs. 45.0 crore in FY2025. In addition to utilising funds raised through acquisition, the Group has undertaken debt-funded expansions for around Rs. 35 crore in FY2026, funded through debt of Rs. 30.6 crore and internal accruals. The promoter loans for Rs. 13.7 crore had been repaid in H1 FY2026. While the interest coverage and total debt/OPBDITA improved to 5.2 and 2.0, respectively, in H1 FY2026 over 4.1 and 2.2, respectively, in FY2025, sustenance of these levels amid the recent West Asia conflict remains a key monitorable factor.

The ratings, however, remain exposed to vulnerability of profitability to fluctuation in raw material prices amid intense competition. The key raw material required for manufacturing non-woven fabric is polypropylene, which is a crude oil derivative. The entity sources around 50% of its raw material through imports and the balance from domestic suppliers. The entity makes advance payments on its imports and avails credit of around 60 days from its domestic suppliers. The recent West Asia conflict resulted in a steep rise in raw material prices. The sustenance of these conflicts could adversely affect the overall profitability of the entity and the ability of the entity to pass on the rise in raw material prices to its end customers. The sustenance of the Group's scale and profitability remains a key monitorable. The industry remains highly competitive and fragmented, limiting pricing power and constraining profitability, particularly for smaller players that also face challenges in achieving scale and investing in advanced technologies.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company's credit profile will continue to benefit from established relationships with its customers ensuring repeat business. Further, the outlook underlines ICRA's expectations that the entity's incremental capex, if any, to further expand its scale will be funded in a manner that enables it to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Established manufacturing presence with long-standing relationships with customers – The Group commenced operations in 2015 and has two manufacturing units located at Wankaner, Gujarat. The promoters, Mr. Kishan Dilipbhai Kagathara and Mr. Jay Dilipbhai Kagathara, have more than two decades of experience in manufacturing polypropylene (PP) non-woven fabric. The Group through SNL had raised Rs. 55.1 crore (net proceeds) in July 2025 by listing its shares on the Emerge platform of the National Stock Exchange. Over the years, the promoters have fostered relationships with its vendors and have diversified its client base. In FY2025, the entity derived 54% of its revenues from Top 10 customers. Also, its track record supported the entity getting repeat business from its clients, which facilitated a healthy growth in its scale of operations. Over the past three years, the Group had registered healthy growth (CAGR 16.2%) with revenues rising to Rs. 265.7 crore in FY2025. In H1 FY2026, revenues stood at Rs. 137.0 crore and are likely to register a modest growth in FY2026 owing to the impact of the recent West Asia conflict.

Customised product offerings for multiple industries – The Group is one of the largest spunbond non-woven fabric manufacturers in India, with a combined installed capacity of 39,140 MTPA as of December 2025. Its average capacity utilisation stood at 71% in FY2025. Its product range includes hydrophobic, hydrophilic, super-soft, UV-treated, antistatic, and flame-retardant non-woven fabrics for hygiene, healthcare, packaging, agriculture, and other industrial uses. The Group derives around 52.0% of its revenues from its hygiene segment, 25.0% from the packaging sector and 23.0% from other segments.

Credit challenges

Working capital-intensive nature of operations – The Group's operations are capital intensive, with net working capital to operating income (NWC/OI) remaining in the range of 20–45% over last three years. This is primarily attributable to high inventory holding periods and comparatively long receivable cycles. While the working capital intensity remained at 20-25% over the last three years till FY2025, a sharp rise had been seen in H1 FY2026, post funds raised through IPO. The entity sources around 50% of its inventory from the domestic market and the balance through imports. Considering the longer lead time in its imports, the entity holds around 80-100 days of inventory. The average receivable days increased to 113 as on September 30, 2025, compared with 84 as on March 31, 2025. The same had moderated in subsequent months. Going forward, the Group's working capital intensity is expected to remain in the range of 38-40%.

Vulnerability of profitability to fluctuation in raw material prices and intense competition; limited bargaining power with suppliers – The ratings remain exposed to vulnerability of profitability to fluctuation in raw material prices amid intense competition. The key raw material required for manufacturing non-woven fabric is polypropylene, which is a crude oil derivative. The entity sources around 50% of its raw material through imports and the balance from domestic suppliers. The entity makes advance payments on its imports and avails credit of around 60 days from its domestic suppliers. The recent West Asia conflicts have resulted in a steep rise in raw material prices. The long sustenance of these conflicts could adversely affect the overall profitability of the entity and the ability of the entity to pass on the rise in raw material prices to its end customers. The sustenance of the Group's scale and profitability remains a key monitorable factor. The intense competition from other non-woven fabric manufacturers and exporters limits the Group's bargaining power/pricing ability, thereby constraining its margins.

Environmental and social risks

Environmental considerations: Synthetic materials made from petrochemical-based raw materials are not readily biodegradable, resulting in long-term environmental pollution. This induces higher compliance costs for non-woven fabric manufacturers like SNL. Besides, environmental risk for non-woven fabric manufacturers arises from the use of water resources and other manufacturing processes. The company remains exposed to tightening environmental regulations relating

to breach of water and pollution norms, which can lead to an increase in operating cost and new equipment/capacity installation cost.

Social considerations: The social risk profile for non-woven fabric manufacturers emanates from labour-intensive nature of manufacturing operations, despite increasing mechanisation. The sector is exposed to risks related to labour relations and protest/social issues with local communities. Entities in the non-woven fabric space are also exposed to risks of disruptions due to inability to properly manage human capital in terms of their safety and overall well-being. Further, shifting customer and regulatory preferences towards more sustainable and environment-friendly alternatives could pose long-term demand-side risks for manufacturers of conventional synthetic non-woven products

Liquidity position: Adequate

The Group's liquidity position is likely to remain Adequate, supported by expected cash flow from operations, cash and liquid investments of 4.2 crore as on March 31, 2025, and buffer in working capital limits. In H1 FY2026, the entity had raised funds through IPO for Rs. 55.1 crore (net of issue expenses) towards funding the working capital requirements, investing in its wholly-owned subsidiary SIPL and other general corporate purposes. The average utilisation of fund-based limits stood at 88.2% of the sanctioned limit (of Rs. 38.5 crore) over the last 12 months ending February 2026. The entity in FY2026 incurred capex of around Rs.35 crore, funded through bank debt of Rs. 30.6 crore and internal accruals and has no major debt-funded expansions planned for FY2027. Against these sources of cash, the entity has repayment obligations of Rs. 22.1 crore (incl. promoter loan repayment of Rs. 13.7 crore) in FY2026 and Rs. 11.9 crore in FY2027. While there was a reduction in promoters' loans in FY2026, the promoters have indicated that funds would be infused on a need basis.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a healthy and sustained increase in the Group's scale of operations and profitability, together with an improvement in its liquidity profile and capital structure.

Negative factors – Pressure on the ratings may emerge, if there is sustained pressure on the company's operating performance or any large debt-funded capex, which would adversely impact the liquidity and debt protection metrics. Specific metric that could trigger a downgrade includes Debt Service Coverage Ratio (DSCR) remaining below 1.4 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has taken a consolidated view of two entities of the Spunweb Group. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

Spunweb Nonwoven Limited (SNL), erstwhile Spunweb Nonwoven Private Limited (SNPL), was incorporated on August 06, 2015, as a private limited company and subsequently got converted into public limited on September 06, 2024. SNL manufactures polypropylene (PP) non-woven fabric that finds application in health care, packaging for agro commodities, medical products, etc. SNPL's manufacturing facility is located at Wankaner, Gujarat with an installed capacity of 20,400 MT per annum.

SNL acquired Spunweb India Private Limited on December 27, 2024, for a cash-and-share swap consideration of Rs. 16.9 crore. Subsequently, it got listed on the Emerge platform of the National Stock Exchange on July 21, 2025, and raised Rs. 60.9 crore through an IPO (net of issue expenses, the entity raised Rs. 55.1 crore). The promoters diluted around 25% stake in the IPO.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	H1 FY2026*
Operating income	181.3	265.7	137.0
PAT	9.5	14.8	10.7
OPBDIT/OI	16.3%	15.6%	17.6%
PAT/OI	5.2%	5.6%	7.8%
Total outside liabilities/Tangible net worth (times)	2.9	3.0	1.3
Total debt/OPBDIT (times)	2.5	2.2	2.0
Interest coverage (times)	3.8	4.1	5.2

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

Standalone- SNL	FY2024	FY2025	H1 FY2026*
Operating income	153.2	210.3	104.9
PAT	6.0	8.8	7.1
OPBDIT/OI	13.1%	13.4%	15.7%
PAT/OI	3.9%	4.2%	6.8%
Total outside liabilities/Tangible net worth (times)	3.0	2.5	0.9
Total debt/OPBDIT (times)	2.4	2.6	2.3
Interest coverage (times)	4.4	3.9	5.1

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; *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Apr 02, 2026	Date	Rating	Date	Rating	Date	Rating
Issuer Rating	Long-term	0.00	[ICRA]BBB-(Stable)						

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	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	Issuer rating	NA	NA	NA	0.00	[ICRA]BBB-(Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Spunweb Nonwoven Limited (SNL)	100%	Full Consolidation
Spunweb India Private Limited (SIPL)	100%	Full Consolidation

Source: Company

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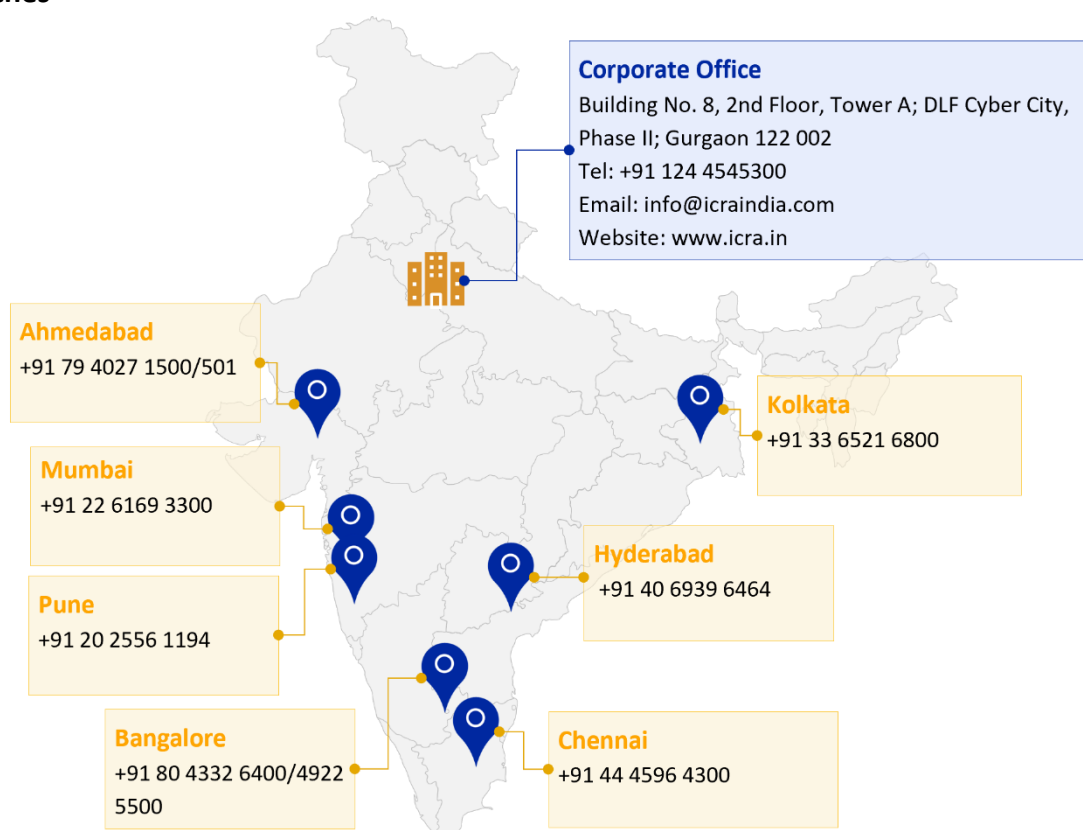
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