

April 09, 2026

## TWE OBT 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 – Cash credit	12.50	12.50	[ICRA]A (Stable); reaffirmed
Long-term/short-term – Fund-based working capital	9.60	5.70	[ICRA]A (Stable)/[ICRA]A2+; reaffirmed
Long-term/short-term – Non-fund based	4.20	4.20	[ICRA]A (Stable)/[ICRA]A2+; reaffirmed
Long-term/short-term – Unallocated	-	3.90	[ICRA]A (Stable)/[ICRA]A2+; reaffirmed
<b>Total</b>	<b>26.30</b>	<b>26.30</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The ratings reaffirmation factors in TWE OBT Private Limited's (TOPL) established presence in the domestic non-woven textiles segment, supported by its diversified product portfolio across automotive, flooring and technical textile applications. The company's performance in FY2026 is estimated to be better than FY2025, aided by a comfortable demand in both the trade and technical textile (TT) segments, supported further by improved operating efficiencies following the one-time maintenance carried out in the previous year. The revenue is estimated to remain steady at Rs. 220-230 crore and an improvement in operating margins to ~14-15% relative to 11.0% in FY2025. The company has reported sales of ~Rs. 212 crore till February 2026 with an OPM of 14.7%.

The ratings also take into consideration the sizeable expansion plans of the entity through a new hygiene-focused manufacturing facility in Bhopal, with a total capex of ~Rs. 147 crore. The project is in an advanced stage, with commission expected in Q2 FY2027. While the expansion is likely to enhance TOPL's scale and diversify revenue streams over the medium term, it also exposes the company to project execution risks, resulting in time and cost overruns. ICRA notes that the project is slightly behind the earlier schedule. However, the project execution has shown improvement, and it is expected to be completed by H1 FY2027. Also, the company has not drawn any term loan till date, owing to its healthy liquidity position, which is expected to support the leverage and coverage metrics of the entity. The liquidity position is expected to be supported by internal accruals, available cash/bank balances and sanctioned lines of credit.

The ratings continue to draw comfort from the strong technical and operational support arising from the 50:50 joint venture structure with the TWE Group, which brings specialised knowhow in non-woven hygiene applications. This partnership is expected to support TOPL's product development and facilitate customer acquisition in the hygiene segment. ICRA has also factored in the financial flexibility benefits available to the company from the presence of resourceful shareholders.

However, the ratings remain constrained by the company's moderate scale of operations within the broader textile industry and high customer concentration (top five customers contributing ~74% of non-woven sales in 9M FY2026), and exposure to sectors such as automotive that exhibit cyclicalities. The profitability remains susceptible to fluctuations in raw material prices, especially polyester staple fibre and binder chemicals, although the company has been able to pass on recent cost increases without significant resistance due to stable demand and strong customer relationships.

The Stable outlook reflects ICRA's expectations that TOPL's operating performance in FY2026 will remain supported by steady demand from its key automotive and trade segments, improvement in operating margins, and comfortable capitalisation and

coverage indicators, despite the large ongoing capex. The commencement and stabilisation of the Bhopal project within projected timelines and cost estimates will remain key monitorable factors.

## Key rating drivers and their description

### Credit strengths

**Diversified non-woven product portfolio with established presence in automotive and trade segments** – TOPL has a well-diversified portfolio of non-woven textiles catering to multiple high-demand industries such as automotive, flooring, filtration, and geotechnical applications. The diversification provides stable revenue generation, reducing dependency on a single industry segment.

**Strong client relationships strengthen business profile** – The company benefits from long relationships with prominent clients, particularly in the automotive sector. Its strong customer base, which includes tier-1 suppliers to OEMs, ensures revenue stability and reduces counterparty risk.

**Strategic partnership with TWE Group** – The JV with the TWE Group entails significant strategic benefits. TWE's expertise in manufacturing hygiene products enhances TOPL's technical capabilities and expands its product offerings. The collaboration provides access to TWE's market reach, facilitating expansion into the hygiene segment and improving TOPL's competitive positioning.

**Low gearing and strong debt coverage indicators** – The leverage and coverage indicators remained healthy owing to nil external debt at present. The gearing is expected to remain low at below 0.3 times despite the planned term-loan drawdown in FY2027. The coverage metrics such as interest coverage and Total Debt/OPBDITA are also expected to remain comfortable.

### Credit challenges

**Moderate scale of operations** – The company operates at a moderate scale in the non-woven segment, which restricts its ability to derive benefits from economies of scale. In FY2026, the company is expected to achieve revenue of ~Rs. 227 crore compared to ~Rs. 209 crore achieved in FY2025, resulting in a high single-digit growth of ~9%. TOPL remains smaller than several established textile and technical textile manufacturers, limiting scale-driven efficiencies.

**Project execution risks on the back of large capex for new plant** – The company is setting up a new plant in Bhopal at a total capex of ~Rs. 147 crore funded by a term loan of Rs. 64 crore and the balance through available liquidity. The plant is expected to be commissioned in Q2 FY2027 and post the expansion, the company will benefit from increased scale and diversified product portfolio, thus strengthening its operating profile. Nonetheless, it also exposes the entity to project execution risks, including risk of delays in construction and cost overruns impacting project timelines and liquidity. Also, the liquidity position will reduce significantly from the current level owing to utilisation in the expansion project.

**Exposure to cyclicity and raw material volatility** – The company's performance remains linked to demand trends in the automotive sector, which is inherently cyclical, and its customer concentration heightens this exposure. At the same time, profitability is sensitive to fluctuations in the prices of key raw materials used in the non-woven segment, and adverse movements could weigh on the margins and the overall financial performance.

## Liquidity position: Adequate

TOPL's liquidity position is expected to remain Adequate, supported by cash flows from operations, available cash and liquid investments, and access to a sanctioned term loan of Rs. 64 crore and undrawn working capital limits. Although free cash flows will remain negative due to the large capex outlay (~Rs. 70 crore in FY2026 and ~Rs. 77 crore in FY2027), the company's low existing debt, healthy net worth, and available liquidity cushion support its financial flexibility. The repayment obligations on the proposed term loan commence only after the moratorium period and can be comfortably serviced from internal accruals.

## Rating sensitivities

**Positive factors** – Healthy growth in the company's scale of operation and profits strengthening the debt protection metrics and liquidity position, on a sustained basis, may lead to an upgrade of the ratings.

**Negative factors** – The ratings may be downgraded if a sustained decline in the company's revenues or profitability adversely impacts its debt protection metrics and liquidity. Also, any significant delay in project execution resulting in time and cost overruns, adversely impacting the liquidity position would also be a negative factor. Specific credit metrics, which may trigger a rating downgrade, include Total Debt/OPBDITA of more than 2 times on a sustained basis.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Textiles - Fabric</a>
Parent/Group support	ICRA has taken into consideration the financial flexibility TOPL by virtue of its well-positioned sponsors.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of TOPL.

## About the company

TOPL is a joint venture between the TWE Group GmbH and OPL. The entity is an established manufacturer of high-quality non-woven fabrics & technical textiles in India. The production facility is at Rudrapur, Uttarakhand with a capacity to produce wide spectrum of products. The company is setting up a new plant at Bhopal for the hygiene segment, which is expected to commence commercial production in H1 FY2027.

## Key financial indicators (audited)

TOPL	Standalone		
	FY2024	FY2025	11M FY2026*
Operating income	196.2	208.7	212.2
PAT	21.5	20.6	24.0
OPBDIT/OI	14.3%	11.0%	14.7%
PAT/OI	10.9%	9.9%	11.3%
Total outside liabilities/Tangible net worth (times)	0.2	0.1	0.2
Total debt/OPBDIT (times)	0.1	0.1	0.0
Interest coverage (times)	158.7	66.7	-

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	Type	Current rating (FY2027)		Chronology of rating history for the past 3 years					
		Amount rate (Rs. crore)	Date & rating in FY2027	FY2026		FY2025		FY2024	
			Apr 09, 2026	Date	Rating	Date	Rating	Date	Rating
1 Fund-based – Cash Credit	Long-term	12.50	[ICRA]A (Stable)	-	-	Feb 19, 2025	[ICRA]A (Stable)	Dec 29, 2023	[ICRA]A+ (Stable)
2 Fund-based – Working capital	Long-term/ Short-term	5.70	[ICRA]A (Stable)/ [ICRA]A2+	-	-	Feb 19, 2025	[ICRA]A (Stable)/ [ICRA]A2+	Dec 29, 2023	[ICRA]A+ (Stable)/ [ICRA]A1
3 Non-fund based	Long-term/ Short-term	4.20	[ICRA]A (Stable)/ [ICRA]A2+	-	-	Feb 19, 2025	[ICRA]A (Stable)/ [ICRA]A2+	Dec 29, 2023	[ICRA]A+ (Stable)/ [ICRA]A1
4 Unallocated	Long-term/ Short-term	3.90	[ICRA]A (Stable)/ [ICRA]A2+	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Fund-based – Cash Credit	Simple
Long Term / Short Term – Fund-based - Working Capital	Simple
Long Term / Short Term – Non-fund-based	Simple
Long Term / 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	Fund-based – Cash Credit	NA	NA	NA	12.50	[ICRA]A (Stable)
NA	Fund-based working capital limits (EPC/SLC/FBP)	NA	NA	NA	5.70	[ICRA]A (Stable)/ [ICRA]A2+
NA	Non-fund based limits LC/BG/Derivatives	NA	NA	NA	4.20	[ICRA]A (Stable)/ [ICRA]A2+
NA	Unallocated limit-ST/LT	NA	NA	NA	3.90	[ICRA]A (Stable)/ [ICRA]A2+

Source: Company

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**Annexure II: List of entities considered for consolidated analysis - Not Applicable**

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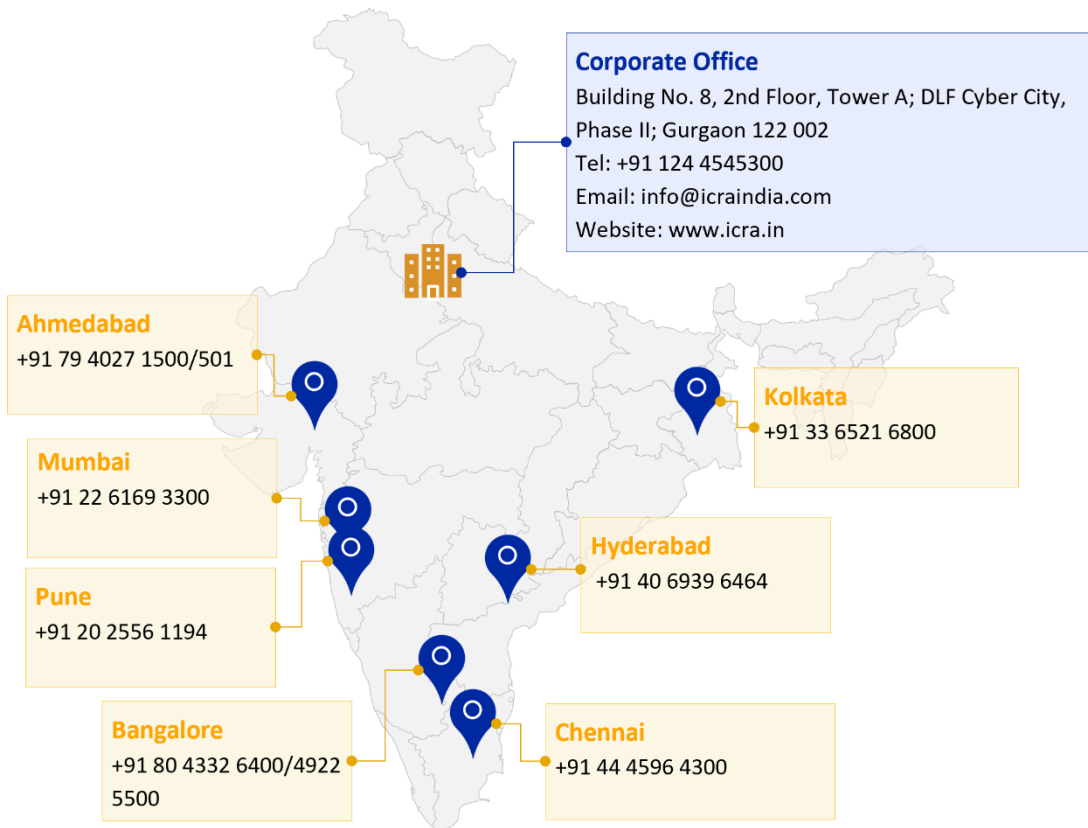
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