August 31, 2026

Sivaswati Textile Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term – Fund-based – Cash credit	45.00	45.00	[ICRA]BBB- (Stable); reaffirmed	RBI
Long term – Fund-based – Term loans	17.62	12.12	[ICRA]BBB- (Stable); reaffirmed	RBI
Short term – Non-fund based	4.00	4.00	[ICRA]A3; reaffirmed	RBI
Long term – Unallocated limits	24.60	30.10	[ICRA]BBB- (Stable) reaffirmed	RBI
Total	**91.22**	**91.22**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The ratings reaffirmation for the bank lines of Sivaswati Textile Private Limited (STPL) factors in the expected gradual improvement in its performance over the medium term, supported by its established presence in the yarn spinning industry, diversified revenue base and location-specific advantages. Following a moderation in revenues during FY2023-FY2025, revenues grew modestly by 4.6% in FY2026 (on a year-on-year (YoY) basis), aided by a rise in sales volumes led by increased demand. However, the operating profit margin (OPM) dipped to 5.3% in FY2026 from 5.6% in FY2025, owing to an rise in power costs amid additional power charges levied by Andhra Pradesh's electricity board. While the debt coverage indicators improved in FY2026 on a YoY basis with a reduction in interest expenses despite the decline in profit margin, they are expected to enhance further in the near term, with the anticipated growth in earnings and decline in finance expenses. The ratings continue to be supported by the company's comfortable capital structure, reflected in a gearing of 0.5 times and TOL/TNW of 0.7 times as on March 31, 2026.

The ratings are, however, constrained by STPL's limited scale of operations and its modest debt protection metrics. Given the lower profitability and sizeable repayment obligations, its coverage indicators remained moderate in FY2026, with an interest coverage and debt service coverage ratio of 2.8 times and 1.2 times, respectively. The ratings also continue to be constrained by the company's exposure to high customer concentration risk. The ratings are also limited by the commoditised nature of its products, which, coupled with the fragmented industry structure, results in restricted pricing power and keeps profitability under pressure. Further, the ratings factor in the high working capital intensity of STPL's operations due to the seasonal availability of cotton, which requires stocking during the harvest season. This renders the company's profitability vulnerable to volatility in cotton prices.

The Stable outlook on the long-term rating reflects ICRA's anticipation that STPL is likely to improve its earnings and coverage metrics, supported by steady demand for cotton yarn in the domestic market. The outlook also factors in ICRA's expectation that any incremental capital expenditure (capex) will be funded prudently, such that the company is able to maintain its debt protection metrics at levels commensurate with the current rating.

Key rating drivers and their description

Credit strengths

Established presence in textile industry – STPL has an established presence in the textile industry, spanning more than two decades, leading to long-standing relationships with suppliers and customers and driving repeat businesses. It also enjoys location-specific advantages as the plant is located near the major cotton-growing belt of Guntur, Andhra Pradesh, which provides better access to all raw materials and lowers logistic costs.

Diversified product base with presence across both cotton and synthetic yarn segments – STPL can manufacture cotton and a mix of polyester viscose-blended spun yarn in counts ranging from 30s to 60s, providing operational flexibility. The product mix is decided based on the demand outlook, raw material availability and price realisations. The company also likely to benefit from the expected gradual revival in cotton yarn demand.

Comfortable capital structure – STPL's financial profile remains comfortable, characterised by a conservative capital structure, supported by its net worth, and moderate dependence on external debt. Key metrics, including gearing and TOL/TNW, stood at 0.5 times and 0.7 times, respectively, as on March 31, 2026. The capital structure is expected to remain comfortable as there are no major debt-funded capex plans by STPL over the medium term, while the net worth is likely to improve further on the back of steady profit accretion.

Credit challenges

Moderate scale of operations and customer concentration risk – STPL's scale of operations remains moderate, with an operating income (OI) of Rs. 245.6 crore in FY2026, limiting the economies of scale and financial flexibility in a capital-intensive sector. Revenues are also exposed to customer concentration risks, with the top ten customers accounting for around 86% of its total sales in FY2026. These risks are mitigated to an extent because of STPL's diversified product base, which supports profitability and long-standing relationships with its key customers, which lend further stability to revenues.

Subdued profitability coupled with modest debt metrics – Despite improvement in profitability in FY2026, STPL's debt coverage indicators remained moderate compared to the comfortable levels witnessed during FY2021-FY2022, owing to muted demand and debt-funded solar capacity additions, coupled with increase in power costs and sizeable repayment obligations. The key coverage indicators such as interest coverage and debt service coverage ratio (DSCR) continued to be moderate at 2.8 times and 1.2 times, respectively, in FY2026. Further, Total Debt/OPBDITA stood at 3.9 times as on March 31, 2026. Nevertheless, debt protection metrics are anticipated to improve gradually with an expected recovery in profitability amid likely reduction in additional power costs, which remains a key monitorable.

Limited pricing flexibility and moderately high working capital intensity in the business – STPL's earnings remain exposed to volatility in key raw material prices (cotton lint, polyester and viscose) as it has relatively limited pricing flexibility in a fragmented industry with intense competition from many organised and unorganised players. Further, its working capital intensity has been moderately high due to inventory stocking undertaken during the cotton season, given the seasonality associated with raw material availability.

Liquidity position: Adequate

STPL's liquidity position is expected to remain Adequate, supported by the buffer available in fund-based working capital limits. The average utilisation of cash credit limits stood at around 81% during the last 12 months ended in July 2026. The company is expected to generate cash accruals of Rs. 8-11 crore in FY2027, against which it has repayment obligations of Rs. 5-6 crore annually in FY2027 and FY2028, which are likely to be serviced comfortably through internal accruals. Overall, ICRA anticipates that STPL will be able to meet its near-term commitments through internal cash flow generation securely in the absence of any major capex plan.

Rating sensitivities

Positive factors – STPL's ratings may be upgraded if the company demonstrates a steady growth in revenues and profitability margin, improving debt protection metrics and liquidity position. A specific credit metric that may lead to a ratings upgrade includes an interest cover of more than 3.5 times on a sustained basis.

Negative factors – Pressure on STPL's ratings could arise upon a continued decline in revenues and profitability or any elongation in its working capital cycle, which would adversely impact its debt protection metrics and liquidity position on a sustained basis. Further, any large debt-funded capex or sizeable incremental investments/loans extended to Group companies, which may unfavourably affect the liquidity position, could also cause a ratings downgrade.

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 company's standalone financial statements.

About the company

Sivaswati Textile Private Limited (STPL) was incorporated in 2005 and is engaged in the manufacturing of cotton, polyester, viscose, polyester-cotton and polyester viscose spun yarn. The company has a spinning mill in the Guntur district of Andhra Pradesh with an installed capacity of 60,624 spindles. It started the commercial production of yarn in March 2006 with an installed capacity of 9,936 spindles, which was increased to 60,624 spindles in FY2011 (30,912 spindles for cotton yarn and 29,712 spindles for synthetic yarn). STPL started the operations with the manufacturing of 100% cotton yarn, however, it later diversified its product portfolio in FY2007 with the production of polyester-based yarn. It manufactures 30s to 60s count of combed and compact yarn. The company predominantly sells yarn in the domestic market.

Key financial indicators (audited)

STPL (standalone)	FY2025	FY2026*
Operating income (OI)	234.9	245.6
PAT	-0.9	2.3
OPBDIT/OI	5.6%	5.3%
PAT/OI	-0.4%	0.9%
Total outside liabilities/Tangible net worth (times)	0.8	0.7
Total debt/OPBDIT (times)	4.3	3.9
Interest coverage (times)	2.4	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

Instrument	Current ratings (FY2027)		Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	45.00	Aug 31, 2026	[ICRA]BBB- (Stable)	July 24, 2025	[ICRA]BBB- (Stable)	21-MAY-2024	[ICRA]BBB (Stable)	-	-
Term loans	Long term	12.12	Aug 31, 2026	[ICRA]BBB- (Stable)	July 24, 2025	[ICRA]BBB- (Stable)	21-MAY-2024	[ICRA]BBB (Stable)	-	-
Unallocated limits	Long term	30.10	Aug 31, 2026	[ICRA]BBB- (Stable)	July 24, 2025	[ICRA]BBB- (Stable)	21-MAY-2024	[ICRA]BBB (Stable)	-	-
Non-fund based	Short term	4.00	Aug 31, 2026	[ICRA]A3	July 24, 2025	[ICRA]A3	21-MAY-2024	[ICRA]A3+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based – Cash credit	Simple
Long term – Fund-based – Term loans	Simple
Short term – Non-fund based	Simple
Long 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	Financial sector regulator#
NA	**Term loans**	FY2021-FY2023	NA	FY2026-FY2028	12.12	[ICRA]BBB- (Stable)	RBI
NA	**Cash credit**	-	NA	-	45.00	[ICRA]BBB- (Stable)	RBI
NA	**Short term – Non-fund based**	-	NA	-	4.00	[ICRA]A3	RBI
NA	**Unallocated limits**	-	NA	-	30.10	[ICRA]BBB- (Stable)	RBI

Source: Company

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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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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