

Rating Rationale

27 April 2026

Sri Bhagirath Textiles Ltd

Brickwork Ratings assigns long-term and short-term ratings for Bank loan facilities of Rs. 198.27 Crs and reaffirms the long-term and short-term ratings for the Bank loan facilities of Rs. 79.92 crores

Particulars:

Facilities	Previous Amount (Rs. Crs)	Present Amount (Rs. Crs)	Tenure	Previous Rating	Present Rating#
Fund Based	73.48	72.92	Long term	BWR A-/Stable Assignment	BWR A-/Stable Reaffirmation
Fund Based	0.00	193.27	Long Term	–	BWR A-/Stable/ Assignment
<i>Sub Total</i>	<i>73.48</i>	<i>266.19</i>			
Non-Fund Based	7.00	7.00	Short-term	BWR A2/ Assignment	BWR A2/ Reaffirmation
Non-Fund Based	0.00	5.00	Short-term	–	BWR A2/ Assignment
<i>Sub Total</i>	<i>7.00</i>	<i>12.00</i>			
Grand Total	80.48	278.19	(Rupees Two Hundred Seventy Eight Crores and Nineteen Lakhs Only)		

Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings.

**Details of Bank Loan facilities, consolidation, or instruments are provided in Annexure

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) assigns the bank loan rating of BWR A-/Stable/BWR A2 for a debt size of Rs. 198.27 Crores and reaffirms the rating for bank loan facilities of Rs. 79.92 crores of Sri Bhagirath Textiles Ltd. (hereinafter referred to as ‘SBTL’ or the ‘Company’).

The rating factors consistent improvement in the company's scale of operations over the past years, backed by the successful absorption of its expanded capacity. The rating takes into account a moderately leveraged capital structure reflected in debt-funded capex and stressed debt service coverage ratio marked by modest and stable operating margins. However, the financial risk profile draws comfort with no further debt-funded capex planned in the near to medium term, allowing for the full stabilisation of previous expansions.

The rating, however, remains constrained by the inherent cyclicity of the textile industry, the vulnerability of its profitability to fluctuations in raw material prices (e.g., cotton) and competition from other domestic and international suppliers, as well as high customer and geographical concentration risks.

The rating draws comfort from experienced promoters with a long history of more than three decades in the textile industry. The rating continues to factor in the ample liquidity and efficient management of the working capital cycle, characterised by strong cash accruals and undrawn bank limits, providing a sufficient cushion to maintain a stable credit profile in the medium term.

KEY RATING DRIVERS

Credit Strengths- :

- **Experienced management with an established track record of operations :**
SBTL is a flagship company of Shri Bhagirath Rander Group. The company was incorporated in the year 1991 by Mr. Ramesh Rander. The promoters possess a proven track record of over three decades in the textile and trading sectors, having commenced trading in 1992 and diversified into manufacturing in 1995. The company benefits significantly from vertical integration and operational synergies with sister concerns such as Shrigopal Rameshkumar (handling independent cotton trading and ginning), which structurally secures its backward supply chain and procurement ecosystem. SBTL has developed healthy relations with its customers, which facilitate securing repeated orders from them.
- **Improved operating efficiency and Future visibility :**
The company's revenue portfolio is a mix of manufacturing of yarn & fabrics and trading of cotton bales & yarn. Since 2023, the company has consistently invested in debt-funded capex and increased its capacity utilization to 92% in FY25 (81% in FY24) and 95% in FY26. The increased volume and better realization led to significant growth in revenue and profitability over the last couple of years. The company reported a total operating income of Rs. 860.68 Crores in FY25 (FY24: Rs. 674.62 crores) and, on a provisional basis, achieved Rs. 1051.78 crores for the period ending on 31st March 2026. The operating profit margins remained at 7.87% in FY25 (FY24: 8.79%) and 7.25% in 9MFY26.
- **Efficient Working Capital Management :**
SBTL demonstrates efficient working capital management, characterized by a Cash Conversion Cycle between 46–55 days in the past three fiscal years and with average days receivable of 30-35 days. The Current Ratio has shown consistent improvement, rising from 1.24x in FY23 to 1.34x in FY25, and is projected to reach 1.47x by FY28. The Quick Ratio hovers around 0.74x to 0.80x, which is standard for the textile manufacturing sector, where raw cotton and yarn inventory constitute the bulk of current assets. Going further, the working capital operations of the company are expected to remain at the same level, as evident from the modest inventory period of 54-56 days and an efficient collection mechanism. The company's working capital is well-positioned to absorb sudden raw-material price shocks or short-term supply chain disruptions.

Credit Risks-:

- **High Customer and Supplier Concentration Risk :**
The majority of the SBTL's revenue, ~ 36% exhibits a customer concentration from the top 3 customers. On the procurement side, the company is highly dependent on The Cotton Corporation of India (CCI), which accounted for ~40% of the total procurement volume. The risk is partially mitigated by long-standing relationships for more than 25 years; hence, any disruption in these key

accounts could severely impact raw material availability and operations.

- **Susceptibility to Raw Material Price Volatility and Agro-Climatic Risks :**

Given that raw cotton and traded goods constitute over 80% of operating income, profitability is highly vulnerable to adverse movements in domestic cotton prices. Because cotton is an agricultural commodity, its availability and pricing are heavily dictated by agro-climatic conditions (monsoons, pest attacks) and government policies like Minimum Support Price (MSP) revisions. The fragmented nature of the spinning industry restricts the company's ability to fully pass on sudden cost spikes to end consumers.

- **Highly Leveraged Capital Structure :**

The company has a moderate capital structure marked by gearing of 2.22x in FY25 (FY24: 2.49x). Furthermore, the Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio stood elevated at 2.83x in FY25 (FY24: 3.12x), reflecting increased borrowings due to debt-funded capex and trade payables to fund its expanded scale. While subordinated unsecured loans from promoters provide a quasi-equity cushion, the company needs to strictly meet its projected cash accruals to deleverage effectively. With subdued operating margins, the debt service cover remained at 1x in FY25 (FY24: 1.06x). With no major capex planned in the medium term, overall gearing and debt cover are expected to improve in the coming years.

ANALYTICAL APPROACH - Standalone

For arriving at the assigned ratings, BWR has applied its established rating methodologies, as detailed in the applicable Rating Criteria. (Hyperlinks to the detailed criteria are provided at the end of this rationale.)

RATING SENSITIVITIES

Positive

- The rating may be upgraded if there is sustained improvement in the scale of operations, along with maintenance of TOL/TNW below 1.5x

Negative

- The rating may be downgraded if there is significant debt-funded capex and elongation of the working capital cycle, resulting in TOL/TNW above 3.5x, or weakening in coverage indicators (DSCR below 1x).

LIQUIDITY INDICATORS - Adequate

The liquidity position is supported by sufficient cash accruals of Rs. 38.09 crore in FY2025 against current bank loan repayments of Rs. 36.08 crore. The Cash and bank balances were Rs 2.37 crore as on March 31, 2025, out of which Rs 0.17 crores were encumbered with banks, respectively, and the average fund-based working capital utilisation over the past 13 months ending March 2026 stood at around 70%. Recently, the company has been sanctioned additional Cash Credit (CC) limits. This undrawn working capital limit eases short-term liquidity pressures and supports increased operational scale. The current ratio between 1.3x and 1.4x indicates the company has adequate liquidity. Liquidity is further supported by unsecured loans of around Rs. 82 crores from directors and other corporates.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Sri Bhagirath Textiles Ltd was incorporated on February 27, 1991. SBTL, a closely held family-owned company, commenced operations in 1991 by venturing into cotton trading. The primary business activity of SBTL is the manufacturing and sale of cotton/blended yarn. SBTL manufactures ring spun cotton yarn, blended yarn, 100% viscose single and double yarn in the count range of 12 to 60s, and also Fabrics. SBTL is also engaged in the trading of cotton bales and yarn. SBTL is the flagship company of the Nagpur-based SB Rander group. The group is present across diversified business activities, including ginning, cotton trading, quarries, marbles, and infrastructure. SBTL operates at an installed capacity of 95,000 spindles and an annual production capability of 25,000 to 30,000 tons.

ESG Profile

The company demonstrates an adequate ESG profile based on its environmental, social, and governance practices.

Environmental - Environmental risks are inherently lower as the company operates purely as a spinning, twisting, and knitting unit with no dyeing or processing facilities. There is no hazardous waste generation in the factory. Consequently, the operations do not involve water-intensive processes and do not require an Effluent Treatment Plant (ETP) license. The company maintains compliance through a Maharashtra Pollution Control Board license, focusing on the dry conversion of raw cotton into thread and fabric. Disclosure on waste-management practices is centered on cotton-dust control and scrap recycling; they do not perform on-site waste burning or uncontrolled waste land filling. Operational sustainability is further evidenced by a robust monitoring system under GOTS audit standards, with verified test reports (Dec 2023) for Ambient Air, Ambient Noise, Workplace Air, and Workplace Noise Monitoring, ensuring a controlled and compliant factory environment.

Social - The company manages a significant workforce of 830 employees. The company invests heavily in safety performance and continuous training initiatives, which enhance operational resilience. The facility strictly adheres to international labor standards, maintaining a minimum age policy of 18 and prohibiting forced or bonded labor. Workers' rights are protected through the Shri Bhagirath Textiles Kamgar Union and active committees for Health & Safety, Canteen, and Workers' welfare. The company demonstrates a strong commitment to social security through the consistent maintenance of employee welfare schemes, Provident Fund (PF), ESIC, and comprehensive insurance coverage. Operational safety is supported by a Building Stability Certificate, potable water testing, and regular training in Fire Safety, First Aid, and PPE usage. Communication remains transparent through appointment letters, displayed policies, and accessible confidential suggestion boxes.

Governance - The governance framework focuses on board independence, committee effectiveness, and the robustness of compliance systems. SBTL maintains a structured board with clear oversight of audit mechanisms and risk-management practices. The company provides transparent disclosures regarding its organizational structure and internal controls. Bolstered by a long-standing promoter track record, the governance remains centered on long-term value creation and maintaining high ethical standards in global

trade and financial reporting.

KEY FINANCIAL INDICATORS (Standalone)

		FY24	FY25	9MFY25
Particulars		Audited	Audited	Provisional
Operating Income	₹ Crore	674.61	860.68	863.53
EBITDA	₹ Crore	59.33	67.77	63.64
Net Profit	₹ Crore	10.64	15.68	18.67
Tangible Net Worth	Times	131.61	147.2	165.87
Total Debt / Tangible Net Worth	Times	2.49	2.22	-
Current Ratio	Times	1.28	1.34	1.30

NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY: Not Applicable.

KEY COVENANTS OF THE FACILITY RATED: The sanction terms governing the banking facilities include standard financial and non-financial covenants, which are customary for facilities of this nature.

RATING HISTORY (Including Withdrawn / Suspended Ratings):

Facilities/ Instruments	Current Rating (2026)			2026		2025		2024		
	Type	Tenure	Amount (₹Cr.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	Long Term	193.27	BWR A-/Stable (Assigned)	-	-	-	-	-	-	-
Fund Based	Long Term	72.92	BWR A-/Stable/ (Reaffirmed)	16Apr2026	BWR A-/Stable/ Assignment					
Non-Fund Based	Short Term	7	BWR A2/ (Assigned)	-	-					
Non-Fund Based	Short Term	5	BWR A2/ (Reaffirmed)	16Apr2026	BWR A2/ Assignment	-	-	-	-	-
Total Bank Loans		278.19	(Rupees Two Hundred Seventy Eight Crore and Nineteen Lakhs Only)							

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria, obtain hyperlinks from the website

Analytical Contacts	
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Sri Bhagirath Textiles Ltd

**ANNEXURE-I
Details of Bank Facilities rated by BWR**

(Rs. in Crore)

Type	Facilities	Tenor	State Bank Of India	Bank Of Baroda	HDFC Bank	Total Present Limits	Complexity
Fund Based	Term Loan	Long Term	18.14	77.46	25.81	121.41	Simple
	Cash Credit/WCDL	Long Term	50	5	40	95	Simple
	GECL 2.0	Long Term	4.78	-	-	4.78	Simple
	Short-term loan-Pledge Funding	Long Term	-	-	30	30	Simple
	Post Shipment Credit/PSCFC	Long Term	-	-	15	15	Simple
Non-Fund-Based	Bank Guarantee	Short Term	7	0	5	12	Simple
	Total		79.92	82.46	115.81	278.19	Simple

All term loans outstanding as of 31 March, 2026.

(₹ Two Hundred Seventy Eight Crores & Nineteen Lakhs Only)

**ANNEXURE-II
Instrument Details**

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

**ANNEXURE-III
List of entities consolidated**

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

List of instruments and regulators:

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Instrument/Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference shares (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) ¹	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) ⁻¹	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) ⁻¹	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ⁻²	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, FIs	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme - ³	-
Issuer Ratings ⁴	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference shares (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) ⁻¹	Investor-side Regulator, such as IRDAI, PFRDA ⁵
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries, and Companies ⁶	NA

Important Notes and Clarifications

- Includes securitisation transactions involving assignee payout and acquirer's payout.
- Includes bank facilities such as liquidity facility, second loss facility, which are part of securitisation transactions.
- The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI, or MCA, and can only be determined upon issuance. In PRs subsequent to issuance(s), BWR shall separately capture the rated quantum details along with the names of respective regulators.
- There is no instrument being rated, and hence, the Regulator of the Instrument is not applicable.
- These ratings were assigned during the regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.

- Permitted by SEBI vide SEBI Master Circular for CRAs

Grievance Management: For any grievances relating to the rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

For any grievances relating to the rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009, and its corporate office is in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter. Brickwork offers credit ratings of Bank Loan, Non- convertible/convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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