

Sri Jagannatha Spinners Private Limited

September 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	17.23 (Reduced from 25.96)	CARE BBB; Stable	Reaffirmed
Long-term / Short-term bank facilities	38.00 (Reduced from 50.00)	CARE BBB; Stable / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Sri Jagannatha Spinners Private Limited (SJS) continue to derive strength from experienced promoters with an established track record of operations, benefits derived from captive power, and established relationships with customers and suppliers.

However, ratings are constrained by the moderate scale of operations, moderate capital structure, highly fragmented, competitive and cyclical nature of the industry, inherent volatility associated with raw material prices and its impact on profitability.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Scaling up operations to over ₹300 crore, while maintaining a profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of over 10% on a consistent basis.
- Improvement in capital structure with overall gearing below unity.

Negative factors

- Increase in total debt/PBILDT above 4.5x on a sustained basis.
- Further large debt-funded capex, leading to moderating capital structure with an overall gearing above 1.5x.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects that the company is expected to sustain its operational performance with benefits derived from growing scale of operations supported by the newly added capacity, captive power, long-term relationships with customers, and vast experience of promoters.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with established track record of operations in the textile industry

Promoters of SJS – J Ashokkumar, J Vijayakumar and J Chandrasekar – are brothers and second-generation entrepreneurs continuing the family business after their father, late Jagannathan. All promoters have over three decades of vast experience the textile industry. The management is supported by qualified and experienced professionals for day-to-day operations. SJS is present in the textile industry for over three decades and is mainly engaged in manufacturing yarn and grey fabrics.

Established relationships with customers and suppliers

The company developed healthy relationships with customers and suppliers due to the promoters' vast experience in the textile industry. SJS purchases raw material, cotton, from Gujarat and Maharashtra through agents and directly from farmers. Grey cloth fabrics are the major product sold mainly to Ahmedabad, Delhi, and Erode. However, client concentration is high, with top five customers contributing ~45.59% (PY: 42.99%) of the total sales in FY25.

Cost benefits from captive power consumption

SJS has installed renewable power source of three windmills aggregating to 1.8 MW and installed the two-roof top solar panels with aggregate capacity of 5-MW power. With the current capacity, SJS meets 50% of its power requirements. The company has

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

proposed addition of solar power capacity of 4 MW. Post installation, the company is expected to meet ~70-75% through captive consumption.

Key weaknesses

Moderate scale of operations

SJS is a relatively moderate-sized player with an installed capacity of 41,920 spindles, 2,880 rotors, and 60 looms as on June 30, 2025. Around 60% of the yarn produced are captively consumed for fabrics, while the rest is sold outside. The company also outsources a part of fabric production through job works. SJS has booked a total operating income (TOI) of ₹213.05 crore in FY25 increased from ₹173.37 crore in FY24 with increased contribution from fabric segment.

Moderate capital structure

The company's capital structure stood moderate with an overall gearing of 1.11x as on March 31, 2025 despite improved from 1.45x as on March 31, 2024. Promoters have infused unsecured loans, which stood at ₹20.05 crore as on March 31, 2025 (PY: ₹19.12 crore), of which, ₹14 crore is subordinated to bank debt and treated as quasi-equity. The company is also undergoing capex for installation of 4-MW ground-mounted solar power plant with a total cost of ₹20 crore, funded through a ₹15 crore term loan and ₹5 crore in unsecured loans. The project is expected to be completed by October 2025.

Debt coverage indicators moderated total debt to gross cash accruals (TD/GCA) of 4.95x as on March 31, 2025, against 8.03x as on March 31, 2024.

Highly fragmented, competitive, and cyclical industry

The Indian textile industry consists of large, organised players, who contribute to 75% of the total installed capacity and the remaining 25% is contributed by the unorganised segment. SJS is a relatively small player in this space, lacking the benefits of economies of scale. Intense competition in the highly fragmented textile industry also restricts its ability to completely pass on input cost volatility to its customers. The company is in the textile industry, pre-dominantly depending on cotton.

Inherent volatility associated with raw material prices and its impact on profitability

Profitability of textile mills depends largely on cotton and cotton yarn prices, which are governed by factors such as area under cultivation, monsoon, and international demand-supply situation, among others. Cotton yarn being the major raw material of knitting mills, the movement in cotton prices without a parallel movement in yarn prices impacts profitability of spinning mills. The cotton textile industry is inherently prone to volatility in cotton and yarn prices. In the last one year, there has been an unprecedented increase in domestic cotton prices.

Liquidity: Adequate

Liquidity is adequate characterised by sufficient accruals in FY26 against repayment obligations of ₹7.76 crore in FY26 and modest cash balance of ₹0.04 crore as on March 31, 2025. The margin for planned capex is regularly supported by unsecured loans from promoters which stood at ₹20.05 crore (PY: ₹19.12 crore) as on March 31, 2025. The company's operating cycle improved from 95 days in FY24 to 79 days in FY25. Yarn sales are mostly done as cash and carry. However, for few long-standing clients, the company offers credit period less than 7-10 days. For the fabric sales, SJS offers ~30 days of credit period. Similarly, the company also enjoys 30 days of credit period with its suppliers. The company had been sanctioned with working capital limits of ₹38.0 crore, and the average utilisation stood at 83.33% for last 12 months ended July 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles and apparels	Other textile products

SJS was established as a partnership firm in 1985 by brothers – J Chandrasekar, J Vijayakumar, and J Ashok Kumar, who are also its promoters-directors. The company was initially established with a small capacity of 5,000 spindles and later converted into a private limited company on March 18, 2014. SJS has installed capacities of 41,920 spindles, 2,880 rotors, and 60 looms across three units in Coimbatore, as on June 30, 2025. The company is closely held, with the family holding entire stake. In FY25, yarn and fabric sales contributed ~43.1% (PY: 51.5%) and 52.3% (PY: 43.3%) of the total income, respectively.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	173.37	213.05	46.14
PBILDT	13.88	15.55	4.27
PAT	1.08	3.79	1.52
Overall gearing (times)	1.45	1.11	NA
Interest coverage (times)	2.38	3.44	5.34

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	December 2026	17.23	CARE BBB; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	38.00	CARE BBB; Stable / CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	17.23	CARE BBB; Stable	-	1)CARE BBB; Stable (26-Jul-24)	1)CARE BBB; Stable (20-Jul-23)	1)CARE BBB; Stable (02-Feb-23)
2	Fund-based - LT/ST-Cash Credit	LT/ST	38.00	CARE BBB; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3 (26-Jul-24)	1)CARE BBB; Stable / CARE A3 (20-Jul-23)	1)CARE BBB; Stable / CARE A3 (02-Feb-23)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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