# Fiberweb India Limited

November 24, 2025

| Facilities | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long-term bank facilities | 115.00 | CARE BBB-; Stable | Assigned |
| Long-term / Short-term bank facilities | 20.00 | CARE BBB-; Stable / CARE A3 | Assigned |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

The ratings assigned to the bank facilities of Fiberweb India Limited (FIL) derive strength from its long operational track record in the non-woven fabrics segment, experienced promoters, and healthy profitability supported by a comfortable capital structure, and adequate liquidity.

The ratings, however, remain constrained by the company's moderate scale of operations, high export concentration, working-capital-intensive nature of business and susceptibility of profitability to volatility in polypropylene prices, freight rates and foreign exchange movements. The ratings also factor in the significant project execution and stabilisation risks associated with the large debt-funded spun-lace capex, which remains at an early stage with modest progress.

## Rating sensitivities: Factors likely to lead to rating actions

**Positive factors**

- Sustained growth in scale of operations above ₹200 crore with profitability margins above 24%.
- Successful completion of project within estimated cost and time and achievement of performance as envisaged.
- Improvement in working capital cycle below 110 days on a sustained basis.

**Negative factors**

- Decline in scale of operations below ₹80 crore or profit before interest, lease rentals, depreciation and taxation (PBILDT) margin falling below 14%.
- Deterioration in overall gearing above 0.8x.
- Elongation of working capital cycle above 160 days.

## Analytical approach: Standalone

## Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectations that FIL shall continue to benefit from experienced promoters and healthy profitability.

## Detailed description of key rating drivers:

### Key strengths

**Experienced promoters with long-standing track record in the non-woven segment**

FIL has been engaged in the non-woven fabrics industry since 1995 and benefits from the over three-decade-long experience of its promoter, Mr. Pravin V. Sheth, who oversees the overall operations. He is supported by his son, Mr. Bhavesh Sheth, who heads the marketing function. The long operating history has enabled the company to establish relationships in key export markets. FIL also has an in-house facility for producing stitched products such as medical and industrial gowns, overalls, aprons, car covers, and other customised made ups as per client specifications.

**Healthy profitability**

FIL's profitability improved in FY25 (FY refers to period between April 01 and March 31) with PBILDT margin rising to 21.83% (FY24: 14.32%), driven by moderation in raw material cost and better absorption of fixed cost. The sharp margin dip in FY23 at around 4.94% was primarily due to elevated logistics costs that could not be fully passed on to customers. The profit after taxation (PAT) margin also strengthened to 14.58% in FY25 (FY24: 8.37%). Profitability remained healthy in H1FY26 with a PBILDT margin of ~19.13%, though sustainability will depend on export demand, pricing stability, and freight trends.

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

**Comfortable financial risk profile**

FIL has a healthy capital structure with a conservative policy towards debt for CAPEX and working capital requirements. Consequently, FIL's overall gearing remained at 0.05x (FY24: 0.04x) on a net worth base of ₹176.35 crore (FY24: ₹161.34 crore). Debt coverage indicators remained healthy with an interest coverage ratio of 28.44x (10.96x in FY24) and a total debt to gross cash accruals (GCA) of 0.45x (0.68x in FY24). However, the financial risk profile is expected to witness moderation over the medium term, as the company is likely to avail term loans of ~₹115 crore in FY26-FY27 to fund its ongoing capital expenditure (capex) project.

## Key weaknesses

**Moderate scale of operations with improving profitability**

FIL operates at a moderate scale, with total operating income (TOI) of ₹102.92 crore in FY25, reflecting growth from a low FY23 base that was impacted by container shortages and elevated freight costs. The revenue profile is highly export-dependent (~99% of FY25 sales), primarily to the US and Australia, exposing the company to currency movements, freight volatility, and trade-policy risks. In H1FY26, FIL reported TOI of ₹49.18 crore, although Q2FY26 was affected by the temporary slowdown following the US tariff. Sustaining scale remains contingent on export demand and stability in logistics and freight costs.

**Working capital intensive nature of operations**

FIL's operations are working capital intensive marked by high gross current asset days of 209 days for FY25 (FY24: 202 days) and operating cycle of 141 days (FY24: 129 days) driven by 105 days of inventory holding period (FY24: 112 days) and 52 days of collection period (FY24: 43 days). The company's working capital (WC) requirements are only partly supported by limited creditor days (15 days) and are largely met through internal accruals and sanctioned bank limits. FIL has deployed ~20% of its capital employed towards WC at the end of FY25 (FY24: 19%). Effective management of WC will remain critical from a credit perspective.

**Susceptibility to volatility in raw material prices and exchange rate fluctuations**

FIL's key raw material is polypropylene (PP), a crude oil derivative, and its prices fluctuate in line with movements in global crude oil markets. This exposes the company's operations and margins to volatility in raw material costs. Exports have contributed ~90-95% of FIL's TOI in the last three years, making its profitability susceptible to foreign exchange rate fluctuations. The risk is partially mitigated by a natural hedge, as the company imports a portion of its raw material requirements.

**High execution and stabilisation risk associated with large debt-funded capex**

FIL is undertaking a sizeable ₹168.52 crore spun-lace fabric project (12,000 MTPA) adjacent to its existing Daman plant, funded through ₹115 crore term debt and promoter contribution of ₹53.52 crore. The project remains at an early stage with only ₹30.32 crore (18%) incurred till September 30, 2025, entirely through internal accruals, while financial closure, key approvals and machinery ordering are still pending. The project is import-dependent, with critical machinery to be sourced from China, increasing exposure to supply-chain and timeline risks. Timely completion within the revised commercial operations date (COD) of January 2027 (earlier October 2026) and successful stabilisation will be essential for maintaining the credit profile.

## **Liquidity**: Adequate

FIL's liquidity remains adequate marked by moderate cash accruals and moderate utilisation of working capital limits. FIL has generated cash accruals of ₹18.79 crore in FY25 (FY24: ₹10.09 crore) and has Cash Flow from Operations (CFO) of ₹13.70 crore (FY24: ₹1.58 crore). FIL has free cash and bank balance of ₹1.27 crore as of FY25 end. FIL's average of maximum and average fund-based limit utilisation for last 12 months ended September 2025 has remained ~48% and 41%, respectively, providing a liquidity cushion to the company. However, liquidity adequacy will remain contingent on timely financial closure and prudent WC management in the capex and ramp-up phase.

## 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
Manmade Yarn-Methodology

## About the company and industry

### Industry classification

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

Fiberweb India Ltd (FIL) was established in 1985, promoted by Pravin Vrajlal Sheth and has been operating in the non-woven fabrics industry since 1995. FIL manufactures spun bond and melt blown fabric. FIL has a manufacturing facility at Daman spread across 85,000 sq.ft. The plant has an installed capacity of ~5,000 MTPA for spun bond and 3,000 MTPA for melt-blown fabrics.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | September 30, 2025 (UA) |
|---|---|---|---|
| Total operating income | 86.84 | 102.92 | 49.18 |
| PBILDT | 12.44 | 22.47 | 9.41 |
| PAT | 7.27 | 15.00 | 7.61 |
| Overall gearing (times) | 0.04 | 0.05 | 0.04 |
| Interest coverage (times) | 10.96 | 28.44 | 17.99 |

A: Audited UA: Unaudited; 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 | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|---|---|---|---|---|---|
| Fund-based - LT/ ST-Working Capital Limits | | - | - | - | 19.00 | CARE BBB-; Stable / CARE A3 |
| Non-fund-based - LT/ ST-Bank Guarantee | | - | - | - | 1.00 | CARE BBB-; Stable / CARE A3 |
| Term Loan-Long Term | | - | - | 30-06-2032 | 115.00 | CARE BBB-; Stable |

## 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 | Term Loan-Long Term | LT | 115.00 | CARE BBB-; Stable | | | | |
| 2 | Fund-based - LT/ ST-Working Capital Limits | LT/ST | 19.00 | CARE BBB-; Stable / CARE A3 | | | | |
| 3 | Non-fund-based - LT/ ST-Bank Guarantee | LT/ST | 1.00 | CARE BBB-; Stable / CARE A3 | | | | |

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/ ST-Working Capital Limits | Simple |
| 2 | Non-fund-based - LT/ ST-Bank Guarantee | Simple |
| 3 | Term Loan-Long Term | 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.

**Contact us**

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**About us:**

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com



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