# Sara Spintex India Private Limited

March 06, 2026

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long Term Bank Facilities | 33.94 (Enhanced from 27.08) | CARE B; Stable | Reaffirmed |
| Short Term Bank Facilities | 5.00 | CARE A4 | Assigned |
| Short Term Bank Facilities | 2.00 | CARE A4 | Reaffirmed |

Details of instruments/facilities in Annexure-1.

**Rationale and key rating drivers**

The ratings assigned to the bank facilities of Sara Spintex India Private Limited (SSIPL) continue to remain constrained on account of small scale of operations along with thin profitability, leveraged capital structure along with weak debt coverage indicators during FY25 (Audited refers to the period from April 01 to March 31). The ratings are further constrained on account of susceptibility of profits to volatile raw material prices, seasonality associated with availability of cotton and highly fragmented industry with intense competition from large number of players.

The ratings, however, continue to derive strength from SSIPL's experienced promoters, gradually diversifying customer base and locational advantage emanating from the proximity to the cotton growing areas of Maharashtra.

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

**Positive Factors**

- Sustained volume driven growth with total operating income (TOI) above ₹125 crore along with PBILDT margin above 6% on sustained basis

**Negative Factors**

- Decline in scale of operations with TOI below ₹80.00 crore or decline in PBILDT margin below 4% on sustained basis
- Further significant deterioration in capital structure on sustained basis

**Analytical approach**: Standalone

**Outlook:** Stable

The 'stable' outlook indicates that SSIPL will continue benefitting from the extensive industry experience of its promoters and management.

**Detailed description of the key rating drivers**

**Key Weaknesses**

**Small scale of operations with thin profitability:**

The scale of operations of SSIPL continued to remain small, with total operating income (TOI) improving marginally considering the increase in sale of cotton and was ₹105.31 crore in FY25 compared to ₹100.03 crore in FY24. In 10MFY26 (Prov.), SSIPL achieved TOI of ₹94.05 crore. Profitability remained thin with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin of 6.10% in FY25, which moderated slightly from 7.29% in FY24, owing to a slight decline in high-margin yarn sales and an increase in cotton bale sales. Further, the PAT margin remained around unity at 1.03% in FY25 against 0.72% in FY24. Going forward, the scale of operations is expected to remain small and profitability is also expected to remain thin considering its presence in a highly competitive industry.

**Leveraged capital structure with weak debt coverage metrics:**

As on March 31, 2025, the capital structure of SSIPL was leveraged considering high reliance on external debt mainly in the form of working capital borrowing, marked by an overall gearing of 5.25x compared to 5.23x as on March 31, 2024. The capital structure is envisaged to moderate slightly further considering debt-funded capex planned by the company. SSIPL is undertaking debt-funded capex to extend the shed and install machinery to produce higher quality output with an envisaged cost of ₹5.60 crore, to be funded through a term loan of ₹4 crore and the balance through unsecured loan from promoters or internal accruals. SSIPL envisages completing capex by May 2026.

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

Further, considering thin profitability and high debt level and related interest cost, debt coverage indicators remained weak, with interest coverage of 1.98x in FY25 compared to 1.77x in FY24 and high total debt to gross cash accruals (TD/GCA) at 15.93 years as on March 31, 2025 compared to 14.60 years as on March 31, 2024.

**Susceptibility of profits to volatile raw material prices and seasonality associated with availability of cotton**
The main raw material for the production of yarn is raw cotton. The cotton prices are volatile on account of various factors like government policies viz. minimum support price, regularity of monsoon leading to unpredictable yields etc. Any volatility in cotton prices can have direct impact on the profitability margins of SSIPL.

**Highly fragmented industry with intense competition from large number of players**
Organised sector, consisting of large-scale spinning units and composite mills, is responsible for a majority of the yarn production. The unorganized sector, consisting of small-scale spinning units, accounts for a small portion of the capacity. This leads to a highly fragmented industry structure with a high level of competition and intense pricing pressure.

**Key strengths**
**Experienced promoters**
Mr. Jalal J Gilani along with his wife Mrs. Muniza Jalal Gilani leads the overall operations of the company. Mr. Gilani possesses experience of over two decades in the cotton industry. This extensive tenure has enabled him to establish a strong relation with suppliers and customers. The promoters of the company are resourceful and have previously infused funds in the form of unsecured loans and preference share.

**Gradually diversifying customer base**
Earlier, the company had higher customer concentration with Arvind Limited (CARE AA-; Stable/ CARE A1+) being the highest revenue contributor (40% in FY21 and 82% in FY22). However, from FY23, the company has diversified its customer base with top 5 customers contributing ~35-45% of total sales in FY23 and FY24. However, the company's top 5 customers contributed ~70% of its total operating income (TOI) for FY25. The company does not have long-term contracts with these customers and sales are generally made on a regular order basis.

**Locational advantage emanating from the proximity to the cotton growing areas of Maharashtra**
The manufacturing facility of SSIPL is located at Yavatmal district of Maharashtra. Maharashtra is the second highest producer of cotton after Gujarat in India, hence, SSIPL's presence in the cotton producing region results in a lower logistic expenditure (both on transportation and storage), easy availability and procurement of raw materials at effective prices and consistent demand for finished goods.

**Liquidity:** Stretched
Liquidity is stretched with tightly matched accruals compared to debt repayment obligations and low cash and bank balances of ₹0.02 crore on March 31, 2025. Average utilisation of working capital limit remained high at ~95% for the twelve months ended January 2026. The operating cycle stood at 86 days in FY24 compared to 75 days in FY23. Further, net cash flow from operating activities continued to remain negative at ₹2.74 crore in FY25 compared to negative ₹1.24 crore in FY24 considering higher funds blocked in inventories and receivables. The company frequently uses ad-hoc limits to meet working capital requirements.

**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
Short Term Instruments
Cotton Textile

**About the company and industry**

Industry classification

| Macro-economic Indicator | Sector | Industry | Basic Industry |
|---|---|---|---|
| Consumer Discretionary | Textiles | Textiles & Apparels | Other Textile Products |

SSIPL was incorporated in the year March 2011; however, commenced with commercial production from April 2013. The company is engaged in the business of manufacturing various types of cotton yarn. The company has installed 12,000 spindles with a capacity of around 5,000 tons per annum as on March 31, 2025 at its sole facility located in Yavatmal District of Maharashtra.

| Particular | March 31, 2024 (A) | March 31, 2025 (A) | 10MFY26 (Prov.) |
|---|---|---|---|
| Total operating income | 100.03 | 105.31 | 94.05 |
| PBILDT | 7.30 | 6.42 | - |
| PAT | 0.72 | 1.08 | - |
| Overall gearing (times) | 5.23 | 5.25 | - |
| Interest coverage (times) | 1.77 | 1.95 | - |

A: Audited; Prov.: Provisional; Note: 'the above results are latest financial results available'

**Status of non-cooperation with previous CRA:** India ratings has continued the ratings assigned to the bank facilities of SSIPL under the 'issuer not-cooperating' category vide press release dated January 16, 2026 on account of its inability to carryout review in the absence of requisite information from the company.

**Any other information:** Not Available

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument/facility:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this Firm:** Please refer Annexure-4

**Lender details:** Please refer 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-Cash Credit | | - | - | - | 27.00 | CARE B; Stable |
| Fund-based - LT-Term Loan | | - | - | December, 2032 | 6.94 | CARE B; Stable |
| Fund-based - ST-Bill Discounting/ Bills Purchasing | | - | - | - | 5.00 | CARE A4 |
| Non-fund-based - ST-Bank Guarantee | | - | - | - | 2.00 | CARE A4 |

**Annexure-2: Rating history for the 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 | 6.94 | CARE B; Stable | - | 1)CARE B; Stable (05-Mar-25)<br>2)CARE B; Stable (24-Jun-24) | 1)CARE D; ISSUER NOT COOPERATING* (16-Oct-23) | 1)CARE D; ISSUER NOT COOPERATING* (26-Sep-22) |
| 2 | Fund-based - LT-Cash Credit | LT | 27.00 | CARE B; Stable | - | 1)CARE B; Stable (05-Mar-25)<br>2)CARE B; Stable (24-Jun-24) | 1)CARE D; ISSUER NOT COOPERATING* (16-Oct-23) | 1)CARE D; ISSUER NOT COOPERATING* (26-Sep-22) |
| 3 | Fund-based - LT-Term Loan | LT | - | - | - | 1)Withdrawn (24-Jun-24) | 1)CARE D; ISSUER NOT COOPERATING* (16-Oct-23) | 1)CARE D; ISSUER NOT COOPERATING* (26-Sep-22) |
| 4 | Non-fund-based - ST-Bank Guarantee | ST | 2.00 | CARE A4 | - | 1)CARE A4 (05-Mar-25)<br><br>2)CARE A4 (24-Jun-24) | 1)CARE D; ISSUER NOT COOPERATING* (16-Oct-23) | 1)CARE D; ISSUER NOT COOPERATING* (26-Sep-22) |
| 5 | Fund-based - ST-Bill Discounting/ Bills Purchasing | ST | 5.00 | CARE A4 | | | | |

*LT: Long term; ST: Short term*

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of the various instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---|---|---|
| 1 | Fund-based - LT-Cash Credit | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |
| 3 | Fund-based - ST-Bill Discounting/ Bills Purchasing | Simple |
| 4 | Non-fund-based - ST-Bank Guarantee | Simple |

**Annexure-5: Lender details**

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|---|
| To view lender-wise details of bank facilities please click here |

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

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