

Suditi Industries Limited

April 16, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	4.90	CARE BB+; Stable	Assigned
Long Term / Short Term Bank Facilities	15.10	CARE BB+; Stable / CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6

Rationale and key rating drivers

Ratings assigned to bank facilities of Suditi Industries Limited (SIL) are constrained due to its small scale of operations and improved albeit modest profitability in FY25 (refers from April 01 to March 31) and 9MFY26 (refers from April 01 to December 31). Ratings further remain constrained due to working capital-intensive nature, stretched liquidity owing to stretched collection period and the company's presence in the fragmented and competitive textile industry.

However, the ratings draw comfort from the long-standing experience of the promoters in the textile and apparel sector, along with SIL's comfortable leverage and adequate debt-coverage indicators. Additionally, the acquisition of the Gini & Jony brand and the company's strategic shift from a manufacturing-led model to a retail-focused branded kids wear business has resulted to improved operational performance in FY25 and 9MFY26.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations with total operating income (TOI) to exceeding ₹150 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 12% on a sustained basis
- Timely infusion of envisaged equity thereby increases in the tangible net worth base (TNW) and improvement in the liquidity position

Negative factors

- Significant increase in the capital structure leading to adjusted overall gearing (excluding long standing receivables from TNW) exceeding unity level on a sustained basis
- Deterioration in debt coverage indicators with total debt to PBILDT exceeding 6x on sustained basis
- Further stretches in collection period leading to elongation in operating cycle on a sustained basis

Analytical approach: Standalone

Outlook: Stable

The Stable outlook on long-term rating reflects CARE Ratings' expectations that SIL will continue to maintain its performance over the coming years on the back of established track record and experience of promoters and business diversion into retail line of business.

Detailed description of key rating drivers:

Key weaknesses

Small and fluctuating scale of operations

SIL's TOI has remained small and fluctuating within the range of ₹50.56 crore to ₹98.40 crore over the past five years ending FY25. In FY25, the scale of operations improved by 43%, with TOI increasing to ₹85.33 crore (as against ₹59.64 crore in FY24 and ₹92.42 crore in FY23). The volatility over FY20 to FY24 was primarily attributable to change in the company's business model. Earlier, most of its retail sales came through e-commerce-led retail arrangement, however, the company decided to exit that arrangement and stop retail operations for almost two years. During this period, SIL had no regular retail sales, and its income came mostly from dyeing, job-work and small trading activities, which naturally generate lower and inconsistent revenue.

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

Moreover, the retail pause led to inventory build-up, which was later liquidated at discounted prices, which further decrease in revenue. Sales witnessed a sharp improvement in FY25, led by the revival of branded retail operations following the acquisition of the 'Gini & Jony' brand in November 2024. Further, the company reported TOI of ₹82.15 crore in 9MFY26 (₹53.15 crore in 9MFY25). As the business transitions back to a retail-driven model with established brand presence, revenue is expected to increase in the near to medium term.

Moderate profitability margins with operating and net losses in the past

SIL's operating profitability remained volatile over the past three years due to the discontinuation of its earlier e-commerce-driven retail model, which led to a near halt in branded sales and forced the company to liquidate accumulated inventory at steep discounts, resulting in operating losses. Fixed costs of the dyeing, finishing and fabric units further pressured margins during low-sales years which led to operating and net losses incurred till FY24. With the shift toward a higher-margin retail-focused model and the revival of branded sales following the acquisition of Gini & Jony in November 2024, profitability gradually improved with PBILDT margin stood at 3.79% in FY25 and 11.55% in 9MFY26. PAT margin also improved to 2.79% in FY25 and 7.92% in 9MFY26. With revival in the business operations, the profit margins are expected to remain sustainable over medium term.

Working capital intensive nature of operations

The company's operating cycle remains stretched, primarily due to the long-standing debtors over the past three years ended FY25. Overall operations remained working capital intensive inherent due to dyeing, finishing, and garmenting operations. The manufacturing and job-work processes involve multiple stages including knitting, dyeing, processing, finishing, and outsourced garmenting, which extend inventory holding periods. Additionally, during the earlier years, the slowdown in retail operations led to inventory buildup, thus inventory period was high in earlier years which has reduced to 16 days in FY25 on account of switching over to retailing model wherein company hold the lesser inventory. However, collection period remained stretched at 162 days in FY25 (PY: 188 days) due to no recovery from long standing debtors. Out of the total outstanding of debtors stood at ₹ 55.75 crore as on March 31, 2025, debtors to the tune of ₹19.37 crore remained outstanding for more than three years. Hence, recovery of the same remained critical. The company typically receives about one month of credit from suppliers, resulting in an elongated operating cycle of 76 days in FY25 (vis-à-vis 84 days in FY24 and 82 days in FY23).

Competitive & fragmented nature of operations albeit mitigated by licensing agreements in place

SIL operates in a highly competitive & fragmented industry wherein a large no. of organized and unorganized players in the textile manufacturing segment, operate in the given environment. Moreover, the company also operates in fabrics processing, the company faces stiff competition from the other small & medium players belonging to the textile processing segment. On the other hand, there are numerous apparel brands catering to the kids wear segment, thereby intensifying the competition for the company

Key strengths

Experienced Promoters

SIL benefits from an experienced promoters and a professionally structured management team. The company is promoted by Mr. Pawan Kishorilal Agarwal, Chairman, who has been associated with the company since its inception in 1991, bringing over three decades of experience in the textile and apparel industry. The operational leadership is led by Mr. Rajagopal Raja Chinraj, CEO, who also possesses extensive experience in textile manufacturing, knitting, dyeing and finishing operations. Together, the promoter and senior management team provides a balanced mix of long-term industry experience and independent professional oversight, supporting the company's operational turnaround and expansion into branded retail.

Comfortable capital structure and debt coverage indicators

The company's overall gearing improved significantly and stood comfortable at 0.27x as on March 31, 2025 as against 4.51x as on March 31, 2024. The sharp improvement in FY25 was primarily driven by a preferential allotment of ₹36.43 crore, which resulted to increase in tangible net worth at ₹29.69 crore as on March 31, 2025. The same has further strengthen to ₹34.80 crore as on September 30, 2025, due to further capital infusion undertaken during the year. However, excluding the long-standing debtors of ₹17.49 crore as on March 31, 2025 and ₹16.85 crore as on September 30, 2025 from the tangible network, adjusted overall gearing stood at 0.90x as on March 31, 2025, and 0.70x as on September 30, 2025.

Debt coverage indicators also improved significantly in FY25 as marked by interest coverage stood at 9.09x in FY25. The same has further improved to 25.65x in 9MFY26. The Total Debt / PBILDT also improved to 2.46x in FY25 on account of improvement in PBILDT during the year. With equity infusion expected till March 2027 through preferential issue of equity share is likely to augment reserves and keep the capital structure comfortable over medium term.

Liquidity: Stretched

Liquidity remains stretched, as reflected by continued negative cash flow from operations. The fund-based limits of ₹3.00 crore remained fully utilized over the six months ending December 2025. The expected gross cash accruals to remain sufficiently cushioned against debt repayment obligation in the range of ₹2 crore to ₹3.50 crore for FY26 and FY27. Cash flow from operations stood negative at ₹23.37 crore during FY25. The company had an unencumbered cash and bank balance of around ₹0.27 crore as on June 30, 2025. The current ratio was 1.48x, while the quick ratio stood at 1.39x as on March 31, 2025.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Organised Retail Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Incorporated in 1991 by Mr. Pawan Agarwal, SIL (erstwhile Suditi Hosiery Processors Limited, changed name to Suditi Industries Limited (SIL) in October 1994). In the beginning, the company mainly worked as a fabric processing and knitting unit, making knitted fabrics, and doing dyeing and finishing work for other companies. Over time, it expanded into garmenting and later into retail and branded apparel businesses. Over the last two years, the company has undergone a major transition from a manufacturing-oriented model to a retail-focused business, driven primarily by the acquisition of the "Gini & Jony" kids wear brand in November 2024. The company currently operates through a network of 14 distributors across India, with a major contribution coming from the eastern states. The dye house has a finishing capacity of 250 tonnes per month, of which around 75–80% is currently being utilized. The company is headquartered in Navi Mumbai and Plant at Vapi.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	59.65	85.33	82.15
PBILDT*	-11.12	3.23	9.49
Profit after tax (PAT)	-11.77	2.38	6.51
Overall gearing (x)	4.51	0.27	NA
Interest coverage (x)	-6.00	9.09	25.65

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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-Cash Credit		-	-	-	3.00	CARE BB+; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	15.10	CARE BB+; Stable / CARE A4+
Term Loan-Long Term		-	-	March 2030	1.90	CARE BB+; 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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (29-Jan-26)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (28-Nov-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (23-Nov-23)
2	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)Withdrawn (29-Jan-26)	1)CARE A4; ISSUER NOT COOPERATING* (28-Nov-24)	1)CARE A4; ISSUER NOT COOPERATING* (23-Nov-23)
3	Term Loan-Long Term	LT	1.90	CARE BB+; Stable				
4	Fund-based - LT-Cash Credit	LT	3.00	CARE BB+; Stable				
5	Fund-based - LT/ ST-Working Capital Limits	LT/ST	15.10	CARE BB+; Stable / CARE A4+				

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short 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-Cash Credit	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Annexure-6: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments ²
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ 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

²SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

be determined upon issuance. In the rating reports subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / 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

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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