Fiberweb India Limited

August 20, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	43.80 (Reduced from 115.00)	CARE BBB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	RBI	1.00	CARE BBB-; Stable / CARE A3	Reaffirmed
Long-term / Short-term bank facilities	RBI	21.00 (Enhanced from 20.00)	CARE BBB-; Stable / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Fiberweb India Limited (FIL) continue to derive strength from its experienced promoters with established track record of operations in textile industry, healthy profitability with comfortable capital structure, debt coverage indicators and adequate liquidity.

Ratings consider significant reduction in planned capex from ₹168.52 crore to ₹60 crore, and change in the proposed product mix from spun-lace non-woven products to needle-punch non-woven felted products using recycled materials. This revision was necessitated due to changes in the US. government policy, rendering spun-lace non-woven products commercially unviable considering increased costs and weakened market competitiveness.

However, ratings continue to remain constrained due to moderate scale of operations, working capital intensive operations and profitability susceptible to raw material price volatility and exchange rate fluctuations. Ratings further consider project execution and stabilisation risk associated with on-going debt funded capex, which is at nascent stages.

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 the scale of operations below ₹80 crore and/or deterioration in the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 14%.
- Deterioration in overall gearing above 0.8x.
- Elongation in working capital cycle above 160 days.
- Delay in completion of capex and its subsequent stabilisation leading to deterioration in liquidity position of the company.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectations that FIL shall continue to benefit from experienced promoters and revival in the business operations as reflected from its current revenue position and healthy profitability.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with established track record of operations

FIL has been engaged in manufacturing non-woven fabrics since 1995, with a track record of over three decades in this segment. The company is led by Promoter and Chairman, Pravin Sheth, who has over three decades of experience in the technical textile industry and looks after overall operations. He is supported by his son Bhavesh Sheth, who overseas marketing department having over a decade of experience in technical textile industry. Promoters also supported with professional second line of management

[1]SEBI: 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

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

having adequate experience in their respective fields. 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 per client specifications.

Healthy profitability

FIL's profitability remained healthy, with its PBILDT margin remaining stable at 21.83% in FY26 (FY refers to April 01 to March 31) and in FY25 despite reduction in total operating income (TOI) in FY26 over FY25. The company's ability to pass price impact led to stability in profit margins in the year. However, the profit after tax (PAT) margin moderated to 11.64% in FY26 from 14.58% in FY25. The said moderation was led by reduction in the scale of operations and increase in finance cost due to availment of term loan in the year. In Q1FY27, FIL reported a PBILDT margin of 18.68%. This reduction in PBILDT margin was due to significant reduction in scale of operations, which led to proportionate increase in fixed costs.

Comfortable capital structure and debt coverage indicators

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 0.06x (PY: 0.05x) on a net worth base of ₹186.36 crore as on March 31, 2026 (PY: ₹176.35 crore). While the total debt has increased to ₹12.02 crore as on March 31, 2026, from ₹8.43 crore as on March 31, 2025, due to availment of working capital term loan under Credit Guarantee Scheme for Exporters (CGSE) scheme in the year.

Debt coverage indicators remained healthy although moderated with an interest coverage of 17.28x in FY26 (28.44x in FY25) and a total debt to gross cash accruals (TD/GCA) of 0.79x in FY26 (0.45x in FY25). This moderation was considering increase in total debt and finance cost in the year. However, financial risk profile is expected to moderate in the medium term, as the company is likely to avail term loans of ~₹40 crore in FY27 to fund its ongoing capex requirements.

Key weaknesses

Moderate Scale of operations

FIL's scale of operations remained moderate, with TOI in the range of ₹67.27 crore to ₹102.92 crore for five years ended FY26. TOI reduced to ₹86.07 crore in FY26 against ₹102.92 crore in FY25 due to significant reduction in TOI in Q4FY26, which was impacted due to significant increase in the crude oil prices and disruption in logistic service across the globe led by the US-Iran conflict. FIL remains predominantly export-oriented, with ~98% of its revenue in FY26 (compared to 99% in FY25) coming from exports, mainly to the US, Australia, Europe and other regions. TOI remain impacted in Q1FY27, where company reported TOI of ₹10.01 crore due to continued impact of increased crude oil prices and freight charges. However, the company expects recovery in TOI over the near term due to expected off-take from customers with agreed escalation for the product prices and freight charges. This remains key credit monitorable.

Working capital intensive operations

FIL's operations are working capital intensive marked by high gross current asset period of 235 days in FY26 (FY25: 209 days) and operating cycle of 153 days (FY25: 141 days) driven increase in inventory holding period to 126 days (FY25: 105 days) and 50 days of collection period (FY25: 52 days). A part of this working capital requirement is funded by credit period of 23 days (FY25: 15days). Working capital requirements are predominantly met through internal accruals and sanctioned working capital limits. Hence, effective management of working capital will remain critical from a credit perspective.

Project execution and stabilisation risk associated with on-going debt funded capex

Earlier, FIL had undertaken a sizeable capex to the tune of ₹168.52 crore towards setting up manufacturing facility for spun-lace fabric project having capacity of 12,000 MTPA adjacent to its existing Daman plant, funded through ₹115 crore term debt and promoter contribution of ₹53.52 crore. In this capex, ~₹35 crore was incurred till March 31, 2026, entirely through internal accruals, while financial closure, key approvals and machinery ordering remained pending and the same was expected to be completed by January 2027 (earlier in October 2026). These capacities were proposed to be tied up by existing customers across the US.

However, due to changes in US government policy, benefits/subsidies available for spun-lace nonwoven products were withdrawn, rendering the proposed product range commercially unviable considering increased costs and weakened market competitiveness. Consequently, the company reassessed the project in light of prevailing market conditions and industry outlook. Considering this, the company realigned its earlier capex plan and revised the project scope to manufacture needle-punched nonwoven felt products using recycled materials with total capacity of 9,000 MTPA. The revised project entails a total investment of ₹60 crore, to be funded through a term loan of ₹40 crore (yet to be disbursed), while the balance ₹20 crore have already been incurred towards land, construction of building and other project-related expenses in line with initial capex requirements. The project is expected to commence commercial operations in April 2027. Accordingly, timely completion of the project and subsequent stabilisation of operations remain key credit monitorable.

Susceptibility to raw material price volatility 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.

Liquidity: Adequate
FIL's liquidity remains adequate marked by moderate cash accruals and moderate utilisation of working capital limits. FIL has generated gross cash accruals of ₹15.28 crore in FY26 (FY25: ₹18.79 crore) and has positive cash flow from operations of ₹18.81 crore (FY25: ₹13.70 crore). FIL has free cash and bank balance of ₹1.94 crore as on March 31, 2026 (against ₹1.37 crore as on March 31, 2025). FIL's maximum average and average fund-based limit utilisation for 12 months ended July 2026 remained ~88.45% and 69.06% respectively. Projected GCA is expected to remain adequate against the debt repayment obligations (including proposed term loan) of ₹0.48 crore for FY27 and ₹6.78 crore for FY28.

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]
[Manmade Yarn-Methodology]
[Financial Ratios – Non financial Sector]
[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

FIL was established in 1985, promoted by Pravin Vrajlal Sheth and Soniya Pravin Sheth and has operated 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, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	102.92	86.07	10.01
PBILDT*	22.47	18.79	1.87
Profit after tax (PAT)	15.00	10.01	0.27
Overall gearing (x)	0.05	0.06	NA
Interest coverage (x)	28.44	17.28	6.23

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	21.00	CARE BBB-; Stable / CARE A3
Non-fund-based - LT/ ST-Bank Guarantee	RBI	Simple	-	-	-	-	1.00	CARE BBB-; Stable / CARE A3
Term Loan-Long Term	RBI	Simple	-	-	-	31-09-2032	43.80	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 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	Term Loan-Long Term	LT	43.80	CARE BBB-; Stable	-	1)CARE BBB-; Stable (24-Nov-25)	-	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	21.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (24-Nov-25)	-	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	1.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (24-Nov-25)	-	-

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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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