



Press Release
SJLT TEXTILES PRIVATE LIMITED
August 12, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.64	ACUITE A- Stable Reaffirmed	-
Bank Loan Ratings	15.00	-	ACUITE A2+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	115.64	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) and the short-term rating of '**ACUITE A2+**' (read as **ACUITE A two Plus**) on Rs. 115.64 crore bank facilities of SJLT Textiles Private Limited (STPL). The outlook is '**Stable**'.

Rationale rating for reaffirmation

The rating reaffirmation considers augmentation in operating performance driven by strategic change in product mix albeit stable profitability. Further, the rating also factors in the extensive experience of the management in textile industry, strong liquidity position and its consistent healthy financial risk profile. These strengths are partially offset by the intensive nature of working capital operations and susceptibility of profitability to fluctuations in raw material prices. Going forward, the group's ability to sustain the revenue growth while improving the profitability will remain a key rating monitorable.

About the Company

SJLT Textiles Private Limited (STPL), incorporated in 1994 is engaged in manufacturing of cotton yarn across counts ranging 40s to 100s. The day-to-day operations of the company are looked after by its managing director, Mr. Jagatheesan along with other directors, Mr. Veerappan Selvadurai, Mr. Chinnusamy Sureshbabu, and Ms. Padmavathi Jagadeesan. The manufacturing unit is located in Namakkal, Tamilnadu with an installed capacity of 1,10,880 spindles.

About the Group

Based out of Tamil Nadu, SJLT Group comprises SJLT Spinning Mills Private Limited (SSMPL) and SJLT Textiles Private Limited (STPL) managed by Mr. Chinnusamy Suresh Babu, Mr. Veerappan Selvadurai and Ms. J Bhuvaneswari. Both entities specialize in manufacturing yarn across various counts, primarily serving the premium segments, with a combined manufacturing capacity of 2.27 lakh spindles.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has considered the consolidated business and financial risk profile of SJLT Textiles Private Limited and SJLT Spinning Mills Private Limited (hereinafter referred to as 'SJLT Group'). The consolidation is in view of similar line of business, operational linkages and common management.

Key Rating Drivers

Strengths

Experienced management and established operational track record

The SJLT group is promoted by Mr. Jagatheesan, who has around three decades of experience in the textile industry. The group was incorporated in 1994 and has gradually expanded to the present total capacity of 2.27 lakh spindles at its plants in Namakkal, Tamil Nadu. The units are located in the textile hubs of Erode, Coimbatore and Tirupur. The group has a competent management supported by a team of well qualified and experienced second-line of personnel. The promoter's experience in textile industry has helped the company build healthy relationship with its suppliers and customers, to ensure a steady raw material supply and large offtake. Acuite believes that the promoter's extensive experience in the textile industry would aid the business risk profile of the company over the medium.

Augmentation in operating performance albeit stable profitability

The group's revenue has improved and remained in the range of ~Rs. 430.00 Cr. to Rs.445 Cr. in FY2025 (Est.) as against Rs.394.35 Cr. in FY2024. This improvement in revenue primarily attributable to change in product mix to coarser counts, resulting in 41 percent increase in yarn production at SJLT Spinning Mills and 27 percent at SJLT Textiles in FY2025. The operating profit margin is estimated to be stable in the range of 9-9.5 percent in FY2025 (Est.) against 8.88 percent in FY2024 due to profitable product mix and savings from captive power usage. Acuite believes that the group's revenue will remain in the similar range over the medium term with expected improvement in profitability due to expected incremental savings from the solar power capex undertaken during FY2025.

Healthy financial risk profile:

The SJLT group's financial risk profile remained healthy, marked by healthy net worth, low gearing and healthy debt protection metrics. As on March 31, 2025, the net worth is estimated to be in the range of Rs.295-300 Cr. as against Rs.280.81Cr. as on March 31, 2024. This estimated improvement in net worth is due to accretion from profits to reserves. The overall debt which consists of short-term debt and unsecured loans is estimated to be the range of Rs.80 Cr- Rs.82 Cr. as on March 31, 2025 (Prov.) as against Rs.77.75 Cr. as on March 31, 2024. With no major debt-funded capex expansion undertaken and estimated improvement in net worth during FY2025, the gearing and total outside liabilities to tangible net worth (TOL/TNW) levels are estimated to remain healthy range similar as of March 31, 2024 levels. Further, the debt protection metrics are estimated to remain healthy for FY2025 owing to the minimal debt repayment and low interest burden, coupled with estimated sufficient cash accruals. Debt to EBITDA is estimated to improve marginally compared to previous year, due to estimated improvement in absolute EBITDA. Acuite believes that the financial risk profile is expected to remain healthy over the medium term on account of healthy net worth and no debt funded capex plans.

Weaknesses

Working Capital Intensive Operations

The operations of the group remained working capital intensive, as reflected in the gross current assets (GCA) days of 180-185 days in FY2025 (Est.) against 179 days in FY2024. The elongation in GCA days is due to the stretch in inventory days, largely comprising cotton. Given the seasonal nature of cotton procurement typically concentrated between October and March, the group stocks up cotton in the last quarter of the financial year, resulting in a estimated inventory-holding period range of 125-135 days as on March 31, 2025 (Est.). Debtor days are estimated to remain in the range of 30-35 days in FY2025 (Est.), against 32 days in FY2024, while creditor days of the group is estimated to be in the range of 15-20 days in FY2025 (Prov.), against 14 days in FY2024. The group's reliance on bank limits remained moderate, with an average utilisation of ~33 percent in the past 12 months ending May 2025. Acuite believes that the working capital cycle will continue to remain moderately intensive over the medium term, driven by cyclical nature of the cotton industry.

Susceptibility of operating margins to volatility in cotton prices

Yarn production depends heavily on raw materials whose prices fluctuate due to global commodity trends, government policies of changes in minimum support price (MSP) and seasonal availability. Any sharp increase may not be fully passed on to customers, impacting operating margins and affect the profitability of players across the cotton value chain, including spinners.

Rating Sensitivities

- Sustained improvement in the scale of operations, while improving its profitability.
- Any further elongation in working capital cycle leading to deterioration in financial risk profile and liquidity position of the group.
- Change in financial risk profile

Liquidity position: Strong

The group's liquidity position is strong as evident from the estimated net cash accruals range of Rs.30-35 Cr. in FY2025 (Est.) which is sufficient against the nominal debt repayment obligation of Rs.1.45 Cr. Further the group is expected to register cash accruals in the range of Rs.35-40 Cr. over FY2026-FY2028 against the expected repayment obligations range of Rs.0.5-0.10 Cr. The group's working capital operations are moderately intensive in nature with estimated GCA days range of 180-185 days in FY2025. Despite the moderately intensive working capital operations the reliance on the fund based working capital limits is moderate with an average utilization of ~33 percent over the past 12 months ending May 2025. Additionally, the group's current ratio is estimated to be in the range of 2.4 times to 2.5 times as on March 31, 2025 (Est.) and estimated to have unencumbered cash and bank balances of Rs.1.70 to Rs.1.80Cr, which provide comfort for short-term liquidity. Acuite believes that the liquidity position of the group will remain strong on the back of healthy cash accruals generation and the buffer available from the moderately utilised working capital limits.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	394.35	339.56
PAT	Rs. Cr.	12.34	20.02
PAT Margin	(%)	3.13	5.90
Total Debt/Tangible Net Worth	Times	0.28	0.28
PBDIT/Interest	Times	6.79	14.31

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 May 2024	Cash Credit	Long Term	65.00	ACUITE A- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	35.64	ACUITE A- Stable (Reaffirmed)
	Bills Discounting	Short Term	15.00	ACUITE A2+ (Reaffirmed)
14 Feb 2023	Cash Credit	Long Term	65.00	ACUITE A- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	35.64	ACUITE A- Stable (Reaffirmed)
	Bills Discounting	Short Term	15.00	ACUITE A2+ (Reaffirmed)
11 Apr 2022	Cash Credit	Long Term	25.00	ACUITE A- (Upgraded & Withdrawn from ACUITE BBB+)
	Term Loan	Long Term	2.24	ACUITE A- (Upgraded & Withdrawn from ACUITE BBB+)
	Term Loan	Long Term	4.46	ACUITE A- (Upgraded & Withdrawn from ACUITE BBB+)
	Cash Credit	Long Term	65.00	ACUITE A- Stable (Upgraded from ACUITE BBB+)
	Term Loan	Long Term	9.00	ACUITE A- Stable (Upgraded from ACUITE BBB+)
	Proposed Long Term Bank Facility	Long Term	6.64	ACUITE A- Stable (Upgraded from ACUITE BBB+)
	Term Loan	Long Term	20.00	ACUITE A- Stable (Upgraded from ACUITE BBB+)
	Bills Discounting	Short Term	1.50	ACUITE A2+ (Upgraded & Withdrawn from ACUITE A2)
	Bills Discounting	Short Term	15.00	ACUITE A2+ (Upgraded from ACUITE A2)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A2+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	65.00	Simple	ACUITE A- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.64	Simple	ACUITE A- Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.no	Name of the company
1	SJLT Spinning Mills Private Limited
2	SJLT Textiles Private Limited

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Katta Akhil Senior Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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