

Press Release

SHREE RAM TWISTEX LIMITED (ERSTWHILE SHREE RAM TWISTEX PRIVATE)

August 29, 2025

Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	49.56	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	23.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	72.56	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of **‘ACUITE BBB’ (read as ACUITE triple B)** and short term rating of **‘ACUITE A3+’ (read as ACUITE A three plus)** to the Rs. 72.56 crore bank facilities of Shree Ram Twistex Limited (SRTL). The outlook is **‘Stable’**.

Rationale for Rating

The reaffirmation reflects SRTL’s improved operating and financial performance. The Operating margins improved in FY25 (Prov.) due to lower raw material and power costs, along with other operating efficiencies. The rating continues to draw comfort from the management’s established experience, adequate liquidity position and a moderate financial risk profile characterised by moderate net worth, gearing, and debt protection metrics. However, the rating remains constrained by the company’s moderately intensive working capital operations and susceptibility of profitability due to the highly fragmented and competitive textile industry. Going ahead, a key monitorable will be SRTL’s ability to enhance working capital efficiency and maintain profitability amidst volatility in raw material prices.

About the Company

Shree Ram Twistex Limited (SRTL) is a Gujarat-based company, incorporated in 2013. SRTL is promoted by Mr. B B Ramani, Mr. Kothari, Mr. Hirani, Mr. Tilala and Mr. J V Ramani. The company began its commercial operations in 2016. The company is in the business of spinning cotton and manufacturing cotton yarn in the count range of 30 to 60, used in products such as denim, shirts, fabrics for suits and undergarments. The company procures cotton bales domestically on a seasonal basis, mainly from Gujarat (70–80 per cent), with the remainder sourced from other states due to quality or seasonal factors. The company’s spinning facility is located at Gondal near Rajkot, Gujarat with a current capacity of 28,000 spindles. The company has installed a total of 7.2 MW solar power plant for captive use. The 1.2 MW roof-top solar plant became operational in June 2024, and 6.00 MW ground mounted solar power plant will commence operations by September 2025, further reducing the power cost for the company. As a part of its product diversification plan, SRTL has added 4 TFO (Two-For-One) machines to produce TFO Yarn.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Shree Ram Twistex Limited to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established relationships with its clientele

The company is being managed by experienced directors and promoters. Collectively, they have experience across various industries, including cotton ginning and spinning, ceramics, civil and mechanical construction. The company has a team of experienced and capable professionals, having over a decade of experience in the segment, to look after the overall management. The company's vintage has enabled it to forge healthy relationships with its customers and suppliers. The experience of promoters continues to help the company to improve its product profile and client base. Moreover, strategic location of the plant at Gondal, near Rajkot, Gujarat, a cotton growing belt, offers access to quality raw material at competitive rates, and skilled manpower. Acuité believes that the company will continue to benefit with the promoters experience and its established presence in the industry, improving its business risk profile over the medium term.

Improved Sales and Profitability Margins

The revenue of the company stood marginally higher at Rs. 254.87 crore in FY25 (Prov.) compared to Rs. 232.91 crore in FY24. The increase in revenue during FY25 (Prov.) was driven by strong demand for yarn despite fluctuating cotton rates. The operating profit margin of the company stood at 8.51 per cent in FY25 (Prov.) as against 8.77 per cent in FY24, indicating a rangebound performance. This was supported by a decrease in raw material and power costs, among other operating expenses. The net profit margin of the company improved to ~3.32 per cent in FY25 (Prov.) compared to 2.99 per cent in FY24. SRTL reported revenue of Rs. 86.84 crore for 4MFY26 as against Rs. 62.22 crore in 4MFY25. The company is targeting revenue of Rs. 270–275 crore for FY26 along with a significant reduction in power consumption cost, as it has initiated a 6MW ground-mounted solar power plant in addition to the previously established 1.2MW rooftop solar power project. Acuité believes that SRTL's ability to improve its revenue and profitability margins while reducing its power consumption cost will remain a key rating monitorable.

Moderate Financial Risk Profile

Shree Ram Twistex Limited has a moderate financial risk profile marked by moderate net worth, moderate gearing and moderate debt protection metrics. SRTL's net-worth improved and stood at Rs. 58.00 crore in FY25 (Prov.) against Rs. 49.55 crore as on FY24 on account of accretion of profits to reserves. SRTL's gearing stood at 1.03 times as on March 31, 2025 (Prov.) as against 1.35 times on March 31, 2024. The company's total debt as on March 31, 2025 (Prov.) stood at Rs. 60.00 crore as compared to Rs. 67.04 crore as on March 31, 2024; comprising of long-term debt of Rs. 24.17 crore, short-term debt of Rs. 14.98 crore and Unsecured loans from promoters/directors of Rs. 15.45 crore and maturing debt repayment obligations of Rs. 5.40 crore. TOL/TNW stood at 2.06 times as on March 31, 2025 (Prov.). The interest coverage ratio of the company stood at 3.72 times in FY25 (Prov.) against 4.51 times in FY24. DSCR stood at 1.96 times in FY2025 (Prov.) against 1.43 times in FY2024.

Acuité believes that going ahead the gearing of the company is further expected to improve and remain low over the medium term.

Weaknesses

Moderately Intensive Working capital operations

Shree Ram Twistex Limited has a moderately intensive working capital operations with average gross current asset (GCA) days stood over 126 days during FY23 to FY25. GCA days increased to 159 days in FY2025 (Prov.) against 123 days in FY2024, on account of higher inventory levels. Inventory days increased and stood at 100 days in FY2025 (Prov.) against 41 days in FY2024, due to the company stocking up raw materials (Cotton Bales) to combat the rising cotton prices in the medium term. The debtor days stood at 46 days for FY25(Prov.) against 70 days for FY24. The average credit period allowed to the customers is around 45 days. The creditor days of the company stood at 91 days for FY25 (Prov.) as against 26 days for FY24. The average credit period allowed by the suppliers is around 60-90 days. The average working capital utilization for fund-based limits stood at ~85.95 per cent for the last 06 months ending July 2025. Acuité believes that the ability of SRTL to improve its working capital cycle over the medium term will remain a key rating sensitivity factor.

Highly competitive nature of industry

The Indian textile industry is highly fragmented and competitive marked by presence of large number of organized and unorganized players. This restricts the pricing flexibility and bargaining power with its customers. Further, the operating margins are fluctuating due to the volatility in pricing of raw materials. However, the promoters' long-established presence in the field shall enable them to pass the volatility in raw material process to its customers, further reducing the risk to a certain extent.

Rating Sensitivities

- Improving scale of operations while maintaining profitability
- Any deterioration in working capital management
- Deterioration in financial risk profile and liquidity

Liquidity Position

Adequate

SRTL's liquidity is adequately backed by its net cash accruals, which stood at Rs. 14.40 crore as on March 31, 2025 (Prov.), against maturing debt repayment obligation of Rs. 4.35 crore for the same period. Further, the company is expected to generate sufficient net cash accruals in the range of Rs. 15- Rs.17 Crore from FY2026-27 against its maturing repayment obligations in the range of Rs. 5- Rs. 8 crore in the same tenure. The cash and bank balances of the company stood at Rs. 0.46 crore as on March 31, 2025 (Prov.). The current ratio stood at 1.47 times as on March 31, 2025 (Prov.). However, the working capital operations of the company are moderately intensive marked by its gross current asset (GCA) days of 159 days for FY2025 (Prov.) as against 123 days for FY2024. The average bank limit utilization for 06 months period ended July 2025 stood at ~85.95 per cent for the fund-based limits. Acuité believes that going forward the liquidity of SRTL is likely to remain adequate over the medium term on account of sufficient cash accruals against its maturing debt obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	254.87	232.91
PAT	Rs. Cr.	8.46	6.97
PAT Margin	(%)	3.32	2.99
Total Debt/Tangible Net Worth	Times	1.03	1.35
PBDIT/Interest	Times	3.72	4.51

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

Not Applicable

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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
06 Aug 2024	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3+ (Reaffirmed)
	Warehouse Receipt Financing	Short Term	8.58	ACUITE A3+ (Assigned)
	Warehouse Receipt Financing	Short Term	11.42	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	16.91	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	2.93	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	16.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.19	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	6.83	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.70	ACUITE BBB Stable (Assigned)
08 Sep 2023	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	17.55	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.03	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	16.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.95	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	14.75	ACUITE BBB Stable (Reaffirmed)
24 Jun 2022	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Working Capital Term Loan	Long Term	5.37	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Working Capital Demand Loan (WCDL)	Long Term	0.67	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	19.74	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	19.50	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A3+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.00	Simple	ACUITE BBB 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.	10.95	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	15 Jan 2021	Not avl. / Not appl.	31 Dec 2027	16.91	Simple	ACUITE BBB Stable Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	10 Jul 2024	Not avl. / Not appl.	10 Dec 2028	5.70	Simple	ACUITE BBB Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Warehouse Receipt Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.58	Simple	ACUITE A3+ Reaffirmed
Axis Bank	Not avl. / Not appl.	Warehouse Receipt Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.42	Simple	ACUITE A3+ Reaffirmed

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About Acuité Ratings & Research

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