



Press Release
BABA SPINNERS LIMITED (ERSTWHILE M R WEAVING MILLS PRIVATE LIMITED)
July 28, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	226.73	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	1.89	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	228.62	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and its short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs. 228.62 crore bank facilities of Baba Spinners Limited (BSL) (Erstwhile M R Weaving Mills Private Limited). The outlook is ‘**Stable**’.

Rationale for rating reaffirmation

The rating reaffirmation reflects improvement in the company’s operating performance in line with expectations, driven by the capacity expansion undertaken in FY24 and its subsequent stabilisation in FY25 to an extent, albeit moderation in profitability margins. The rating also considers the established operational track record, experienced management, moderate financial risk profile and adequate liquidity position of the company. However, the rating remains constrained due to moderately intensive working capital operations and the susceptibility of profitability to volatility in raw material prices in an intensely competitive textile industry.

About the Company

Baba Spinners Limited (BSL) (Erstwhile M R Weaving Mills Private Limited) was incorporated in January, 1997 and is promoted by members of Agarwal family i.e. Mr. Mahesh Kumar Agarwal, Mr. Deepak Kumar Agarwal and Mr. Sharad Kumar Agarwal. BSL began by focusing on the production of several types of synthetic materials for men's clothes. However, in 2016, BSL took a step toward backward integration by taking on a project to set up a spinning plant in Bhilwara with a capacity of 21056 MT to produce synthetic yarn with counts of 8 and 60. BSL has 20 distributors and 2 agents, covers 29 states, and sells fabric under the 'Baba Collection' brand and yarn under the 'Baba Spinners' brand. Furthermore, the company has 4 MW solar power plant for its captive consumption to reduce power cost and ensure consistent power supply.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Baba Spinners Limited to arrive at the

rating.

Key Rating Drivers

Strengths

Long standing experience of the promoters in the industry

The directors of BSL are Mr. Mahesh Kumar Agarwal, Mr. Deepak Kumar Agarwal, and Mr. Sharad Kumar Agarwal. Mr. Mahesh Kumar Agarwal, who has worked in the industry for over three decades, is in charge of overall management and strategic decision-making. As a result of its long-standing presence in the textile sector and its presence in the Bhilwara textile cluster, the company has developed strong ties with its customers and suppliers, as indicated by its position in a highly competitive market. Acuité derives comfort from the long experience of the management and believes this will benefit the company going forward, resulting in steady growth in the scale of operations.

Location advantage and entitlement to various incentives from the state government.

The units of the company are located at Bhilwara (Rajasthan) which is one of the largest textile clusters in India. BSPL's presence in the textile manufacturing region results in benefits derived from low transportation and storage cost as well as easy availability of large number of customer base. The textile projects in India are incentivized by schemes launched by the central government and state governments.

Moderate financial risk profile

The financial risk profile of the company remained moderate, marked by a moderate net worth, average gearing, and average debt protection metrics. The tangible net worth stood at Rs. 105.57 crore in FY25 (Prov.) as against Rs. 69.85 crore in FY24. The increase in net worth is on account of profit accretion to reserves. The net worth also includes Rs. 28.26 crore of USL, which is subordinated to bank debt and will remain infused in the business for the duration of the bank facilities. The total debt of the company stood at Rs. 198.36 crore in FY25 (Prov.), comprising long-term debt of Rs. 129.86 crore, short-term debt of Rs. 43.29 crore, and maturing debt repayment obligations of Rs. 25.20 crore. The capital structure is average, with gearing (Debt to Equity) at 1.88 times in FY25 (Prov.) compared to 3.28 times in FY24. Furthermore, coverage indicators are comfortable, as reflected in the Interest Coverage Ratio (ICR) of 2.05 times in FY25 (Prov.) as against 4.21 times in FY24, and debt service coverage ratio (DSCR) of 1.13 times in FY25 (Prov.) compared to 1.54 times in FY24. Acuite believes that the financial risk profile of the company is expected to remain moderate due to the absence of major debt-funded capex and steady net cash accruals.

Weaknesses

Decline in the profitability margins, albeit improvement in revenues

BSL recorded an operating income of Rs. 315.47 crore in FY25 (Prov.) compared to Rs. 144.83 crore in FY24. The growth was on account of full year of operations of added capacity which enabled the production of cotton yarn in addition to synthetic yarn. However, the EBITDA margins declined to 13.32 per cent in FY25 (Prov.) from 23.20 per cent in FY24 due to higher raw material costs incurred. The PAT margins also fell to 2.36 per cent in FY25 (Prov.) from 6.66 per cent in FY24 on account of increase in finance costs, which stood at Rs. 21.00 crore in FY25 (Prov.) compared to Rs. 8.20 crore in the previous year. The company achieved a turnover of Rs. 81.16 crore in Q1FY26. Acuite believes, the operating performance of the company would improve steadily in near to medium term on account of stabilisation of cost with improved capacity utilisation.

Moderately intensive working capital operations

The working capital operations of the company remained moderately intensive, as reflected by GCA days of 139 days as on 31st March 2025 (Prov.) compared to 247 days as on 31st March 2024. The improvement in GCA days is primarily due to lower inventory days compared to previous years. Further, inventory days stood at 98 days in FY25 (Prov.) against 222 days in FY24. Meanwhile, debtor days stood at 27 days in FY25 (Prov.) compared to 10 days in FY24. The average credit period allowed to customers is around 45 days. On the other hand, creditor days stood at 11 days in FY25 (Prov.), with the average credit period allowed by suppliers being around 10 days. The average utilisation of working capital facilities stood at approximately 40.96 per cent for the six months ended March 2025. Acuite believes that the working capital operations of the company will remain moderately intensive over the near to medium term.

Susceptibility of operating margins to volatility in raw material prices

Polyester, viscose and cotton are the company's main raw materials. Since these raw materials are either derivatives of crude oil or agriculture-based product, their prices are highly volatile, and that they are constantly influenced by changes in crude oil prices as well as other factors such as government policies and agro climatic conditions. Acuite believes that BSL's EBITDA margins would remain susceptible to raw material price volatility and high inventory holding levels over the medium term.

Rating Sensitivities

- Consistent growth in revenue along with improvement in profitability margins
- Elongation of working capital cycle

- Changes in financial risk profile

Liquidity Position

Adequate

The liquidity position of the company is adequate, marked by sufficient net cash accruals against its maturing debt repayment obligations. The company generated net cash accruals of Rs. 22.04 crore in FY25 (Prov.) against maturing debt obligations of Rs. 17.16 crore during the same period. The company's cash and bank balance stood at Rs. 0.02 crore in FY25 (Prov.). Furthermore, the company is expected to generate adequate cash accruals in the range of Rs. 22–Rs. 32 crore against maturing repayment obligations in the range of Rs. 19–Rs. 25 crore over the medium term. The average utilisation of working capital facilities stood at approximately 40.96 per cent for the six months ended March 2025. The company maintains unencumbered cash and bank balances of Rs. 0.02 crore as on 31 March 2025 (Prov.). The current ratio of the company stood at 1.51 times as on 31 March 2025 (Prov.), compared to 1.37 times as on 31 March 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	315.47	144.83
PAT	Rs. Cr.	7.45	9.65
PAT Margin	(%)	2.36	6.66
Total Debt/Tangible Net Worth	Times	1.88	3.28
PBDIT/Interest	Times	2.05	4.21

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
29 Apr 2024	Letter of Credit	Short Term	1.00	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A3+ (Assigned)
	Term Loan	Long Term	13.78	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	3.11	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	9.52	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	4.49	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	142.50	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.72	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	34.92	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	17.08	ACUITE BBB- Stable (Assigned)
31 Mar 2023	Term Loan	Long Term	3.89	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	9.68	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	7.77	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	19.42	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	123.08	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	17.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	27.48	ACUITE BBB- Stable (Reaffirmed)
05 May 2022	Cash Credit	Long Term	17.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	36.55	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	4.29	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	0.18	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	9.93	ACUITE BBB- Stable (Reaffirmed)
	Proposed Ad-hoc Limits (Fund Based)	Long Term	7.69	ACUITE BBB- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	9.60	ACUITE BBB- Stable (Assigned)
07 Apr 2022	Cash Credit	Long Term	17.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	36.55	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	4.29	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	0.18	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	9.93	ACUITE BBB- Stable (Assigned)

	Proposed Ad-hoc Limits (Fund Based)	Long Term	7.69	ACUITE BBB- Stable (Assigned)
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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.	0.50	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.	52.00	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	01 May 2022	Not avl. / Not appl.	01 May 2028	6.72	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	01 Mar 2021	Not avl. / Not appl.	01 Jan 2026	1.34	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Derivative Exposure	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.39	Simple	ACUITE A3+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A3+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	32.15	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	01 Dec 2022	Not avl. / Not appl.	01 Oct 2032	132.27	Simple	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	01 Dec 2019	Not avl. / Not appl.	01 May 2028	2.25	Simple	ACUITE BBB- Stable Reaffirmed

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