

Winsome Textile Industries Limited

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	173.26 (Enhanced from 171.65)	CARE BBB+; Stable	Upgraded from CARE BBB; Stable
Short Term Bank Facilities	282.00	CARE A3+	Upgraded from CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the ratings assigned to the bank facilities of Winsome Textile Industries Limited (WTIL) reflects the company's consistent improvement in operational performance, underpinned by a growing scale of operations with an increasing share of export revenues. In FY25 (April 1, 2024 to March 31, 2025), the company reported improved operating margins, driven by a higher contribution from value-added products and a continued trend of healthy cash flows from operations over the past few fiscal years. Further, the ratings continue to derive strength by experienced promoters coupled with established track record of operations, reputed clientele and diversified product profile. These rating strengths are however partially offset by moderately leveraged capital structure, planned capex in the projected years, along with susceptibility of profitability margins to volatility in cotton prices and government regulations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations thereby leading to operating margins beyond 12.50% on a sustained basis
- Sustained improvement in financial risk profile thereby leading to overall gearing ratio of below 1.00x and Total debt to GCA of below 2.50x on a sustained basis.

Negative factors

- Inability to improve debt coverage metrics with total debt/PBILDT above 4.00x on a sustained basis.
- Deterioration in capital structure with overall gearing above 1.50x on a sustained basis.

Analytical approach: Standalone approach

Outlook: Stable

CARE Ratings Limited (CARE Ratings) expects company to have stable operational performance. CARE Ratings also believes that the WTIL shall be able to improve its financial risk profile over the medium term.

Detailed description of key rating drivers:

Key strengths

Steady operations backed by growing scale

The total operating income of the company has grown at a CAGR (compounded annual growth rate) of ~7% in the past 5 fiscals ending FY25. The same stood at Rs.865.23 crore during FY25 (PY: Rs.823.32 crore) driven by improved yarn realizations, reflecting favourable market dynamics. Amid ongoing political instability in Bangladesh—one of India's key regional competitors—there was a notable shift in export demand towards India. As a result, the company saw an increase in its export contribution to around 54% in FY25, up from approximately 52% in FY24. Furthermore, the operating margins of the company improved by 101 bps and stood at 11.67% in FY25 (PY: 10.66%) backed by decline in raw material prices. The PAT margin also improved by 97 bps

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

and stood at 3.24% in FY25 (PY: 2.27%). During FY26, the company expects growth in the scale by ~7% y-o-y considering improving export scenario.

Experienced promoters with established track record and reputed clientele

WTIL was incorporated in 1980 by Mr. S.C. Bagrodia. Currently, his son Mr. Ashish Bagrodia (Chairman and Managing Director) is looking after the overall operations of the company and has nearly two decades of experience in the textile industry. He is assisted by a team of professionals who are experienced in their respective domains. The company has been in this line of business for nearly four decades now and has created established relations with its suppliers and buyers (both domestic and overseas). The company supplies yarn to many well-known domestic companies which in turn supply the finished product to reputed global brands like GAP, H&M, Marks & Spencer, Tommy Hilfiger etc.

Diversified and value-added product portfolio

The company is one of the largest manufacturers of melange yarn and dyed yarn in India. WTIL is engaged in spinning of large variety of value-added fibre, silk, wool, linen, nylon, PVA, etc. in different blends and specialty products like slub yarn, mélange yarn, gassed mercerized yarns, etc. The company's product profile comprises almost 100% of value-added yarns. WTIL is also engaged in the manufacturing of knitted fabric of various blends. The company's product portfolio, being value added niche products, faces relatively lesser competition in domestic and global market which results in higher profitability margins as compared to grey yarn.

Key weaknesses

Moderate financial risk profile

The capital structure of the company continued to remain moderately leveraged however improved with overall gearing ratio of 1.30x as on March 31, 2025 (PY: 1.54x) supported by accretion of profits to net-worth alongside repayment of debt. The debt coverage indicators also improved slightly with Interest coverage (PBILDT/Interest) and Total Debt to GCA of 2.17x and 7.76x respectively (PY: 2.01x and 10.51x respectively).

The financial risk profile is expected to improve over the coming years, driven by substantial scheduled debt repayments outpacing the net addition of new debt.

Susceptibility of profitability margins to volatility in cotton prices and government regulations

The domestic prices of cotton, the key input for spinners like WTIL, are governed by various factors like international prices, government regulations, the effect of monsoon, etc. The raw material costs accounted for a significant portion of the total income (~55-60% of TOI) and any adverse fluctuations in the raw material prices can severely impact the profitability of WTIL. The sector is also susceptible to government interventions like fixing the minimum support price for cotton, imposing export ban on the yarn export, withdrawal of duties etc, which has a direct bearing on the profitability margins of WTIL.

Industry Outlook

India's cotton yarn sector is expected to see a 7-9% revenue growth in FY26, driven by a rebound in exports to China and strong domestic demand. The Cotton Corporation of India's substantial cotton procurement will ensure stable availability, boosting spinners' profitability and operating margins.

Liquidity: Adequate

The liquidity position of the company is adequate as reflected by projected gross cash accruals of Rs.62.53 crore in FY26 against scheduled term loan repayments of Rs.41.54 crore. Further, average month end utilization of working capital borrowings stood 84.53% for the trailing 12 months ending April 30, 2025. The company had free cash and bank balance of Rs.0.40 crore as on March 31, 2025. WTIL has outlined a capital expenditure plan of ₹60 crore spanning FY26 and FY27. The proposed investment will be primarily financed through a ₹45 crore term loan, with the remaining balance funded from internal accruals. Further, cash flow from operations remained healthy at Rs.86.03 crore in FY25 (PY: Rs.83.91 crore) with incremental working capital gap being funded by credit from suppliers.

As of March 31, 2025, the company's current ratio stood at 1.18x, marginally higher than the previous year's 1.17x. The company maintains a relatively high inventory level—equivalent to approximately 4 to 5 months—due to its involvement in the production of dyed and mélange yarns. These products require longer processing times owing to additional stages such as dyeing, color

matching and blending, batch processing in smaller lots, extended drying and conditioning, and more stringent quality control and testing procedures. The company supplies yarn to several prominent domestic manufacturers, who in turn cater to renowned global brands such as GAP, H&M, Marks & Spencer, and Tommy Hilfiger. The average collection period increased to 52 days in FY25 (previous year: 48 days), while raw materials are primarily sourced from domestic suppliers, with average creditor days rising to 81 days in FY25 (previous year: 71 days). Consequently, the company's operating cycle extended to 120 days in FY25, compared to 111 days in the previous year, reflecting the inherently working capital-intensive nature of its operations. To support its liquidity needs, the company has availed non-fund-based limits amounting to ₹162 crore, with an average utilization of approximately 98% over the trailing 12 months ended April 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](#)

[Short Term Instruments](#)

[Cotton Textile](#)

About the company and industry

Industry classification

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

Winsome Textile Industries Limited (WTIL) was incorporated as a Public Limited Company in 1980. WTIL operates from its manufacturing facility in Baddi, Himachal Pradesh. WTIL is engaged in the manufacturing of 100% cotton yarn and cotton yarn blended with viscose/ polyester/ acrylic/ linen/ wool and value-added yarns like melange and solid dyed. The company is also engaged in the manufacturing of knitted fabric of various blends. As on March 31, 2025, the company has an installed capacity of 39,647 MTPA for yarn spinning and knitting capacity of 2,535 MTPA which is a forward integration into knitted fabrics from the mélange yarn. The company also operates a hydro power plant of 3.5 MW to meet a part of its power requirements. Apart from catering to the domestic market, the company also exports its products with the export income constituting ~54.12% of the total income in FY24 (~52% in FY24). In April, 2024, the company commissioned solar plant of 2.89 MW capacity for savings on power cost.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	823.32	865.23
PBILDT	87.80	100.97
PAT	18.69	28.07
Overall gearing (times)	1.54	1.30
Interest coverage (times)	2.01	2.17

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: NA

Any other information: NA

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		-	-	-	24.32	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	March, 2032	132.26	CARE BBB+; Stable
Fund-based - LT-Working Capital Demand loan		-	-	-	16.68	CARE BBB+; Stable
Fund-based - ST-EPC/PSC		-	-	-	55.00	CARE A3+
Fund-based - ST-PC/Bill Discounting		-	-	-	65.00	CARE A3+
Non-fund-based - ST-BG/LC		-	-	-	162.00	CARE A3+

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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT- Cash Credit	LT	24.32	CARE BBB+; Stable	-	1)CARE BBB; Stable (13-Jun-24)	1)CARE BBB; Stable (01-Jun-23)	1)CARE BBB; Stable (02-Aug-22)
2	Fund-based - ST- EPC/PSC	ST	55.00	CARE A3+	-	1)CARE A3 (13-Jun-24)	1)CARE A3 (01-Jun-23)	1)CARE A3 (02-Aug-22)
3	Non-fund-based - ST-BG/LC	ST	162.00	CARE A3+	-	1)CARE A3 (13-Jun-24)	1)CARE A3 (01-Jun-23)	1)CARE A3 (02-Aug-22)
4	Fund-based - LT- Term Loan	LT	132.26	CARE BBB+; Stable	-	1)CARE BBB; Stable (13-Jun-24)	1)CARE BBB; Stable (01-Jun-23)	1)CARE BBB; Stable (02-Aug-22)
5	Fund-based - LT- Working Capital Demand loan	LT	16.68	CARE BBB+; Stable	-	1)CARE BBB; Stable (13-Jun-24)	1)CARE BBB; Stable (01-Jun-23)	1)CARE BBB; Stable (02-Aug-22)
6	Fund-based - ST- PC/Bill Discounting	ST	65.00	CARE A3+	-	1)CARE A3 (13-Jun-24)	1)CARE A3 (01-Jun-23)	1)CARE A3 (02-Aug-22)

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA**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-Term Loan	Simple
3	Fund-based - LT-Working Capital Demand loan	Simple
4	Fund-based - ST-EPC/PSC	Simple
5	Fund-based - ST-PC/Bill Discounting	Simple
6	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CARE 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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