

Coarser Spinning Private Limited

August 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	59.18 (Enhanced from 51.50)	CARE BB-; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE B+; Stable
Long Term / Short Term Bank Facilities	13.50	CARE BB-; Stable / CARE A4	Rating removed from ISSUER NOT COOPERATING category and LT rating upgraded from CARE B+; Stable and ST rating reaffirmed

Details of facilities in Annexure -1

Rationale and key rating drivers

The ratings assigned to the bank facilities of Coarser Spinning Private Limited (CSPL) are constrained on account of its moderate scale of operations with net loss reported in FY25 (Provisional; FY refers to period from April 01 to March 31) coupled with its leveraged capital structure and modest debt coverage indicators along with stretched liquidity. The ratings also consider susceptibility of its profitability to raw material prices and CSPL's presence in highly fragmented, competitive and cyclical nature of textile industry.

The ratings, however, derive strength from experienced promoters and location advantage with presence in the cotton ginning hub with easy access to raw material.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achieving total operating income (TOI) of above Rs.200 crore along with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of above 10% on a sustained basis.
- Improvement in debt coverage indicators with PBILDT interest coverage above 2.50x and total debt/ GCA below 6x

Negative factors:

- Lower than envisaged TOI or PBILDT margin resulting in moderation in debt coverage indicators.
- Moderation in overall gearing above 4x

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectation that the company shall continue to benefit from its experienced promoters.

Detailed description of key rating drivers

Key weaknesses

Moderate scale of operations along with net loss reported in FY25

CSPL started its commercial operations from February 2024 onwards, and hence, FY25 was its first full year of operations. The company registered moderate scale of operations marked by its TOI of Rs.174.74 crore in FY25. Furthermore, in Q1FY26 (UA), CSPL registered TOI of Rs.50 crore.

The company registered moderate operating profitability marked by PBILDT margin of 6.54% in FY25 as the company faced some initial teething issues. Consequently, the company reported net loss of Rs.6.25 crore in FY25 owing to moderate operating profitability coupled with high depreciation and interest expense upon recently concluded greenfield capex. However, the company reported cash profit of Rs.6.95 crore in FY25.

Leveraged capital structure and modest debt coverage indicators

CSPL's capital structure remained leveraged marked by its overall gearing ratio of 3.88x as on March 31, 2025 [PY: 2.78x] owing to relatively high term debt outstanding as on March 31, 2025 related to recently concluded greenfield capex coupled with modest tangible net worth base of Rs.19.19 crore as on March 31, 2025 [PY: Rs.25.44 crore] with net loss incurred in FY25.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Debt coverage indicators remained modest as marked by interest coverage ratio of 2.08x and total debt to GCA of 10.72x in FY25. In FY25, the company completed installation of 4.7 MW ground mounted solar power plant (on leased land) at total cost of ~Rs.17.5 crore. The said capex was funded through term loan of Rs.12.70 crore and balance through internal accruals and unsecured loans from promoters.

Susceptibility of profitability to raw material prices

Cotton is the primary raw material used by CSPL for manufacturing of cotton yarn. The yarn manufacturing industry faces a significant challenge due to the inherent volatility in cotton prices, which directly affects its profitability.

Highly fragmented, competitive, and cyclical nature of industry

The textile industry is highly fragmented marked by a multitude of players operating across various segments, ranging from cotton cultivation, yarn production, fabric weaving, and garment manufacturing due to the presence of numerous small-scale enterprises alongside larger, more established companies. This industry's cyclical nature is closely tied to economic shifts and consumer preferences. It experiences fluctuations in demand due to changing fashion trends, global economic conditions, and evolving consumer behaviours.

Key strengths**Experienced Promoters**

Mr. Nirav Patel, the key promoter of the company has overall business experience of more than one and a half decades and experience in the textile industry of more than five years.

Location advantage of being in the cotton ginning hub with easy access to raw material

The manufacturing facility of CSPL is located in Amreli district, Saurashtra region of Gujarat which produces majority of Gujarat's total cotton production. This ensures availability of premium quality of raw cotton with lower cost and results in higher operational efficiency to the entity.

Liquidity: Stretched

CSPL had stretched liquidity marked by modest current ratio of 1.06x as on March 31, 2025 owing to relatively high short term debt (including current portion of long term debt) outstanding as on March 31, 2025.

Average utilization of fund based working capital limit remained moderate at 72% in last 12 months ended in March 2025. The company registered cash flow from operations (CFO) of Rs.11.42 crore in FY25 which was in line with its FY25 operating profit, and subsequently, the company is holding moderate liquid funds to the tune of Rs.6.01 crore (including bank FDs) as on March 31, 2025. Operating cycle remained lean at 21 days in FY25 backed by short collection period.

The company reported GCA of Rs.6.95 crore in FY25 and its GCA going forward is expected to tightly match scheduled debt repayment obligation of Rs.7-9 crore over the next 2-3 years.

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](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

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

Incorporated in November 2021, Amreli (Gujarat) based Coarser Spinning Private Limited (CSPL; CIN: U17299GJ2021PTC127151) has set up a cotton spinning unit with an installed capacity of 9,181 MTPA as on March 31, 2025 for manufacturing of cotton yarn. The company has started commercial production from February 2024 onwards.

Particular	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	11.62	174.74	50.00
PBILDT	(0.34)	11.44	NA
PAT	(3.04)	(6.25)	NA
Overall gearing (times)	2.78	3.88	NA
Interest coverage (times)	(0.34)	2.08	NA

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

Status of non-cooperation with previous CRA: CRISIL has continued the rating assigned to the bank facilities of CSPL into ISSUER NOT COOPERATING category vide press release dated May 08, 2025 on account of its inability to carry out a review in the absence of requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated 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/ ST-Cash Credit	-	-	-	-	10.00	CARE BB-; Stable / CARE A4
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	3.50	CARE BB-; Stable / CARE A4
Term Loan-Long Term	-	-	-	30-11-2032	59.18	CARE BB-; 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 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	Term Loan-Long Term	LT	59.18	CARE BB-; Stable	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (26-Mar-25) 2)CARE BB-; Stable (02-Apr-24)	-	-
2	Fund-based - LT/ ST-Cash Credit	LT/ST	10.00	CARE BB-; Stable / CARE A4	-	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (26-Mar-25) 2)CARE BB-; Stable / CARE A4 (02-Apr-24)	-	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	3.50	CARE BB-; Stable / CARE A4	-	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (26-Mar-25) 2)CARE BB-; Stable / CARE A4 (02-Apr-24)	-	-

LT- Long term, LT/ST - Long term / Short term.

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender detailsTo view the 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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