

Vivekanand Cotspin Limited (Revised)

October 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	15.78 (Reduced from 20.49)	CARE BB+; Stable	Upgraded from CARE BB; Stable
Long Term / Short Term Bank Facilities	28.00	CARE BB+; Stable / CARE A4+	Upgraded from CARE BB; Stable / CARE A4

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

For arriving at the ratings of Vivekanand Cotspin Limited, CARE Ratings Limited (CareEdge Ratings) has considered a combined analytical view of Vivekanand group (VG) entities viz. Vivekanand Industries (VI), Vivekanand Cotspin Limited (VCL; formerly known as Vivekanand Cotspin LLP) and Ambica Cotseeds Limited (ACL), on account of common management and promoter group, presence in similar line of business, and operational linkages.

The revision in ratings assigned to bank facilities of VG is considering fructification of positive sensitivity with improvement in its profitability and debt coverage indicators in FY25 (refers to the period from April 01 to March 31) while scale of operations continued to remain moderate.

The ratings, however, continue to remain constraint on account of its highly leveraged capital structure, stretched liquidity presence in a highly fragmented and competitive textile industry and susceptibility of its profitability to fluctuation in cotton prices. The ratings, however, derive strength from vast experience of promoters with established track record of operations in the textile industry and locational advantage being present in the cotton growing state of Gujarat.

Rating sensitivities: Factors likely to lead to rating actions
Positive factors

- Significant improvement in scale of operations along with improvement in PBILDT margin above 7% on a sustained basis leading to improved liquidity for the company.
- Improvement in debt coverage indicators with PBILDT interest coverage above 5x and total debt/ GCA below 7x on sustained basis

Negative factors

- Moderation in scale operations or profitability resulting in deterioration in liquidity of the company
- Deterioration in capital structure marked by overall gearing above 2.5x on a sustained basis

Analytical approach: Combined

CareEdge Ratings has considered combined financial and operational risk profile of VI, VCL and ACL as all the entities are engaged in similar line of business, promoted by same promoter group, are under common management as well as have operational linkages. Details of the entities combined are shown in **Annexure-6**.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the group is likely to sustain its business risk profile on account of its experienced promoters and integrated operations.

Detailed description of key rating drivers:
Key weaknesses
Moderate scale of operations albeit improvement in profitability

Total operating income of VG remained moderate at Rs.595.38 crore in FY25 as against Rs.584.34 crore in FY24 with some traction in demand. However, PBILDT margin improved to 3.68% in FY25 as against 2.21% in FY24. PBILDT margin remained moderate due to limited value addition inherent in ginning business and high competition prevalent in the textile industry. TOI and margins have historically remained volatile primarily due to volatile cotton prices.

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

Highly leveraged capital structure albeit improvement in debt coverage indicators

Capital structure of VG remained highly leveraged marked by overall gearing of 2.19x as on FY25 end as against 2.15x as on FY24 end. Despite lower outstanding debt, marginal moderation in capital structure was due to reduction in networth base with withdrawal of partners' capital. However, with improved profitability, debt coverage indicators improved with PBILDT interest coverage of 2.09x and Total Debt to GCA of 11.36x respectively in FY25 (1.56x and 13.30x respectively in FY24).

Susceptibility of profitability to volatile raw material prices

The margins are highly susceptible to changes in the prices of cotton. The price of cotton is fixed by the government through the Minimum Support Price (MSP). However, the purchase price depends on the prevailing demand-supply situation, which restricts bargaining power with suppliers as well. The profitability depends largely on the prices of cotton which are governed by various factors such as area under cultivation, monsoon, international demand-supply situation, etc. Any adverse movement of cotton prices further impacts profitability. However, VG tries to forecast the demand in the market and endeavours to keep inventory of 25-30 days. Also, VG is able to partly pass on any significant change in raw material prices to its customers.

Foreign currency risk associated with export business

ACL, group company of VCL, is engaged in export of cotton bales and cotton yarn. ACL primarily exports to China, Bangladesh, Taiwan, Vietnam, Thailand, Europe and America. ACL provides credit period of 90 to 120 days (against LC) to its clients and thus it is exposed to any adverse movement in foreign currency. However, to counter currency risk, ACL enters into forward contract which mitigates the fluctuation risk to large extent.

Key strengths

Long track record with integrated operations

VG, through VI has a long and established track record of operations of over four decades in the textile industry; being operational since 1983. VI is engaged in cotton ginning and manufacturing of cotton oil cakes. Further, the group also ventured into spinning via ACL and started selling in export market. In 2015, the group enhanced its facilities by incorporating VCPL which is engaged in both ginning and spinning. Since FY23, ACL has limited only to trading of cotton bales and cotton yarn, primarily to export market. Thus, the group is vertically integrated from procurement of raw materials to sales of cotton yarn and cotton oil cakes.

Location Advantage

VG's plant is located in Mehsana (Gujarat) which has raw cotton available within the proximity. Also, Gujarat is the largest producer of cotton in India. VG's presence in textile manufacturing region results in benefit derived from lower logistic cost (both on transportation and storage), easy availability and procurement of raw materials at effective prices.

Liquidity: Stretched

VG has stretched liquidity marked by moderate working capital utilization and low cash and bank balance. VG is expected to earn gross cash accruals of Rs. 12-14 crore as against debt repayment obligation of ~Rs. 5.60 crore in FY26. The average utilization of fund based working capital limit remained moderate at 75% with maximum average utilization at 86% in the past 12 months ended August, 2025. Textile segment is inherently working capital intensive primarily due to seasonality associated with the raw material and inventory holding requirements. Operating cycle remained moderate at 67 days in FY25 against 62 days in FY24. VG had free cash and bank balance of Rs.3.83 crore as on March 31, 2025 and current ratio stood moderate at 1.47x as on March 31, 2025 (1.15x as on March 31, 2024). Further, VG reported cash flow from operations (CFO) of ₹39.85 crore in FY25 (FY24: Negative Rs.38.69).

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

Vivekanand Group

Vivekanand Group (VG) was established in 1983 by Patel family. The group is involved in manufacturing and marketing of cotton products both in the domestic and international market.

About Vivekanand Cotspin Limited

VCL was established in 2015 and is promoted by the Patel family. The company was established as LLP and later in August 2024, it got converted to Private Limited company. Subsequently, in December 2024, it got converted into a limited company. The manufacturing facility of the company is located in Mehsana, Gujarat. The entity is engaged in the business of cotton ginning and spinning with an installed capacity of 400 bales per day for ginning and an installed capacity of 25,000 spindles for spinning.

Financial Performance: Combined

Brief Financials (₹ crore)	March 31, 2024 (UA)	March 31, 2025 (UA)
Total operating income	584.34	595.38
PBILDT	12.93	21.88
PAT	4.43	4.67
Overall gearing (times)	2.15	2.19
Interest coverage (times)	1.56	2.09

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

Vivekanand Cotspin Limited (Standalone):

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	357.76	366.61
PBILDT	15.01	14.46
PAT	3.66	4.02
Overall gearing (times)	1.48	3.09
Interest coverage (times)	3.41	3.71

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

Status of non-cooperation with previous CRA:

Crisil has placed ratings assigned to the bank facilities of Vivekanand Cotspin LLP in "Issuer Not co-operating" category vide press release dated November 25, 2024, on account of its inability to carry out a rating exercise in the absence of the requisite information.

Brickworks has placed ratings assigned to the bank facilities of Vivekanand Cotspin LLP in "Issuer Not co-operating" category vide press release dated September 26, 2024, on account of its inability to carry out a rating exercise in the absence of the requisite information.

Any other information: Not Applicable

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/Non-fund-based-LT/ST		-	-	-	28.00	CARE BB+; Stable / CARE A4+
Term Loan-Long Term		-	-	31-08-2029	15.78	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	Fund-based/Non-fund-based-LT/ST	LT/ST	28.00	CARE BB+; Stable / CARE A4+	1)CARE BB; Stable / CARE A4 (03-Apr-25)	1)CARE BB; Stable / CARE A4 (11-Sep-24)	-	-
2	Term Loan-Long Term	LT	15.78	CARE BB+; Stable	1)CARE BB; Stable (03-Apr-25)	1)CARE BB; Stable (11-Sep-24)	-	-

LT: Long term; ST: Short 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/Non-fund-based-LT/ST	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated/ combined

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Vivekanand Industries	Full	Operational and financial linkages
2	Ambica Cotseeds Limited	Full	Operational and financial linkages

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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Analytical Contacts Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Anuja Parikh Associate Director CARE Ratings Limited Phone: 079-4026 5616 E-mail: anuja.parikh@careedge.in Sarvesh Harish Gaikar Rating Analyst CARE Ratings Limited E-mail: Sarvesh.gaikar@careedge.in
--	--

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**