

Vippy Spinpro Limited

April 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	86.57 (Enhanced from 29.77)	CARE BBB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	40.30 (Enhanced from 28.30)	CARE BBB+; Stable / CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Vippy Spin Pro Limited (VSL) continues to derive strength from its experienced management with a long-standing track record of operations and established customer base. Ratings continue to derive strength from its comfortable capital structure, debt coverage indicators, and adequate liquidity position.

Ratings also factor in major debt funded capital expenditure undertaken in FY26, due to which expects moderation in capital structure in the near-to-medium term. While partial commencement of this capex from Q4FY26 expects increase its scale of operations in the medium term.

However, ratings continue to be constrained due to VSL's moderate scale of operations despite significant growth in total operating income (TOI) in FY25, moderate and fluctuating profitability margins. Ratings further continue to be constrained considering its profitability susceptible to raw cotton price volatility and its presence in a competitive and cyclical textile industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume-driven growth in scale of operations above ₹400 crore, while maintaining profit before interest, lease rentals, depreciation, and taxes (PBILDT) margin above 14% on a sustained basis.
- Improving gross current assets days below 90 days, leading to improvement in liquidity position.

Negative factors

- Significant decline in scale of operations and deterioration in the PBILDT margin below 8% on a sustained basis.
- Changes in government regulation, adversely impacting operations.
- Increasing working capital intensity, leading to deteriorating capital structure and liquidity.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook on the long-term ratings reflects CARE Ratings Limited's (CareEdge Ratings') belief that VSL shall be able to sustain its comfortable financial risk supported by experienced promoters' group and management.

Detailed description of key rating drivers

Key strengths

Experienced management with long track record of operations

VSL's promoters are engaged into spinning business since the management, over three decades and over time, developed a strong operational base. The company's overall affairs are headed by Piyush Mutha as a managing director having about three decades of experience in textile industry. He is assisted by his brother, Praneet Mutha who also has over two decades of experience in similar industry. Mutha family has also promoted Vippy Industries Limited (VIL; rated 'CARE BBB+; Stable /CARE A2') engaged in extracting soya oil from soya seeds, refining crude soya oil and manufacturing value-added soya-based products since 1973. However, VSL has no financial linkages with VIL. With promoters having experience across multiple industries and focus on adherence to quality standards, VSL has established a strong customer base. In FY25, top 10 customers constituted 68.55% of VSL's TOI (PY: 68.73%).

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

Comfortable capital structure and debt coverage indicators

VSL's capital structure improved marginally and continued to remain comfortable marked by overall gearing of 0.38x as on March 31, 2025, against 0.82x as on March 31, 2024. This improvement was due to lower utilisation of working capital limits as on balance sheet date and repayment of term loans.

Debt coverage indicators also improved and stood comfortable marked by total debt to gross cash accruals (TD/GCA) of 1.52x as on March 31, 2025 (PY: 4.49x in FY24). Similarly, interest coverage ratio also improved significantly and remained healthy at 19.40x in FY25 (PY: 6.10x). In 9MFY26, interest coverage remained healthy at 19.48x (against 8.37x in 9MFY25) due to improvement in PBILDT margin and lower interest cost. However, capital structure and debt coverage indicators expected to moderate in the near-to-medium term due to debt funded capex undertaken by the company.

Key weaknesses**Moderate despite growing scale of operations**

Overall scale of operations stood moderate as marked by TOI stood in the range of ₹87.57 crore to ₹279.83 crore in FY21 to FY25. TOI has increased in FY25 to ₹279.83 crore against ₹249.63 crore in FY24. Stable growth is seen considering successful completion of capex for increase in production capacities in the past. In 9MFY26, VSL reported a TOI of ₹181.61 crore (₹210.46 crore in 9MFY25). This decline was primarily attributable due to partial shutdown of the plant operations for six months from July to December 2025 for purpose of upgradation of plant & machineries, leading to lower operation in the period. Considering this, TOI is expected to slightly reduce in FY26. With commencement of enhanced capacities, the company expects TOI to increase from FY27 onwards, which remains key monitorable. The company's tangible net worth also stood moderate at ₹87.42 crore as on March 31, 2025, which limits the company's financial flexibility to an extent.

Moderate despite fluctuating profit margins

The company's profit margins remained fluctuating with PBILDT margin stood in the range of 8-12% from FY21-FY25. The PBILDT margin improved to 9.40% in FY25 against 7.10% in FY24. This improvement was considering better price realisation from its customers. Consequently, profit after tax (PAT) margin also improved to 4.11% in FY25 against 1.74% in FY24. PBILDT margin further improved to 11.90% in 9MFY26 (PY: 10.06% in 9MFY25), considering proportionate stabilisation in the cotton and yarn prices in this period resulting to recovery in spreads. As the company started cotton procurement from Cotton Corporation of India at lower rates resulted in reduction in raw material cost (RMC). Product category additions of 16s and 20s count yarns result in higher realisations. With stabilisation of cotton and yarn prices and expected increase in scale of operations, profit margins are expected to remain stable in the near term.

Ongoing debt funded capex with lower execution risk

The company has undertaken capex towards capacity expansion, where it is expanding its production capacity by 6,500 metric tonne per annum (MTPA). The company commenced capex from April 2025 and expected to complete, in a phased manner by March 2027. The total estimated project cost stood at ₹86.81 crore being funded through term loans from bank of ₹65.11 crore and remaining of ₹21.70 crore through internal accruals. Till date, the company incurred ₹60.91 crore, of which ₹41.66 crore through term loan disbursement and remaining of ₹19.25 crore through internal accruals. The company already commenced production from January 2026 with lower count yarn production and is expected to complete the remaining capex by March 2027. Hence, timely completion remains key credit monitorable.

Presence in a competitive and cyclical textile industry

VSL operates in a cyclical and fragmented textile industry marked by presence of many organised and unorganised players, leading to high competition in the industry. Apart from competition, commoditised nature of cotton yarn also limits pricing ability of industry players to an extent. Textile industry is inherently cyclical in nature and closely follows macroeconomic business cycles. Raw material and finished goods prices are also determined by global demand-supply scenario, hence adverse changes in macroeconomic environment globally have a direct impact on domestic textile industry.

Profitability susceptible to raw material price volatility

The basic raw material consumed by VSL to produce yarn is raw cotton, which accounts for over 80-85% of the total cost of production. Raw cotton prices are volatile in nature and depend on multiple factors such as area under production, yield for the year, vagaries of monsoon, international demand-supply scenario, inventory carry forward from the previous year and minimum support price (MSP) decided by the government among others. Raw cotton prices have been volatile in the past, though have been stabilised in the near term. Collectively, these factors and intense competition in industry contribute to low bargaining power of yarn manufacturers and volatility in profitability.

Liquidity: Adequate

VSL's liquidity remained adequate marked by moderate utilisation of working capital limits and comfortable GCA against scheduled long-term debt repayment obligations. Average utilisation of fund-based working capital limits remained low at ~20% for 12 months ended December 2025. VSL's expected GCA remained sufficient against scheduled repayments of long-term debt of ₹9.66 crore in FY26 and ₹13.03 crore in FY27. Cash flow from operating activities stood positive of ₹30.02 crore in FY25 (negative of ₹12.76 crore in FY24). Current ratio and quick ratio stood comfortable at 3.61x and 2.50x respectively as on March 31, 2025. In FY25, VSL's gross current assets period stood 99 days (124 days in FY24) while its operating cycle improved though stood moderate at 97 days (95 days in FY24). This was due to maintaining high inventory of raw cotton as on the balance sheet date since its procurement is seasonal in nature.

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 and apparels	Other textile products

Incorporated in April 1992, VSL is a public limited company promoted by the Mutha family and is engaged in manufacturing open ended cotton yarn through rotor spinning technology at its facility at Dewas near Indore, Madhya Pradesh. As on December 31, 2025, VSL has an installed capacity of 12500 Metric Tonne which after expansion has increased to 19000 Metric Tonne for manufacturing of cotton yarn for counts ranging from 4s to 32s. VSL specialises in manufacturing slub yarn, multi-count yarn, multi-twist yarns, and waxed yarn, which finds its applications in industrial, home furnishing, and clothing fabrics. It markets its products primarily in the domestic market with limited presence in export markets. Apart from this, VSL has set up a 0.6 Megawatt (MW) of Windmill and 1 MW of solar power plant for captive consumption.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	249.63	279.83	181.61
PBILDT*	17.72	26.31	21.62
Surplus After Tax (PAT)	4.35	11.49	8.60
Overall gearing (x)	0.82	0.38	NA
Interest coverage (x)	6.10	19.40	19.48

A: Audited UA: Unaudited; NA: Not applicable; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

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 - LT/ ST-CC/Packing Credit	-	-	-	-	40.00	CARE BBB+; Stable / CARE A2
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	0.30	CARE BBB+; Stable / CARE A2
Term Loan-Long Term	-	-	-	January 2032	86.57	CARE BBB+; 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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	0.30	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (17-Mar-25)	1)CARE BBB+; Stable / CARE A2 (22-Mar-24) 2)CARE BBB+; Stable / CARE A2 (20-Apr-23)	1)CARE BBB+; Stable / CARE A2 (20-Feb-23)
2	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	40.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (17-Mar-25)	1)CARE BBB+; Stable / CARE A2 (22-Mar-24) 2)CARE BBB+; Stable / CARE A2 (20-Apr-23)	1)CARE BBB+; Stable / CARE A2 (20-Feb-23)
3	Term Loan-Long Term	LT	86.57	CARE BBB+; Stable	-	1)CARE BBB+; Stable (17-Mar-25)	1)CARE BBB+; Stable (22-Mar-24) 2)CARE BBB+; Stable (20-Apr-23)	-

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-CC/Packing Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view 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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in</p> <p>Ashish Kambli Associate Director CARE Ratings Limited Phone: +91-22-6754 3597 E-mail: Ashish.k@careedge.in</p> <p>Pranjali Korgaonkar Lead Analyst CARE Ratings Limited E-mail: Pranjali.korgaonkarkar@careedge.in</p>
--	--

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

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

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