Radheshyam Cotspin Private Limited

May 27, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	74.50	CARE BBB-; Stable	Assigned
Long Term / Short Term Bank Facilities	4.50	CARE BBB-; Stable / CARE A3	Assigned

Details of instruments/facilities in Annexure-1.
The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Radheshyam Cotspin Private Limited (RCPL) derive strength from the extensive experience of the promoters in the cotton industry and favourable location of its manufacturing unit, with proximity to key cotton-growing regions. Ratings also derive strength from the company's comfortable capital structure and debt coverage indicators, and adequate liquidity.
Ratings, however, are constrained on account RCPL's moderate scale of operations and moderate profitability, which remains susceptible to inherent volatility in raw material prices, along with the company's presence in a highly fragmented and competitive industry with limited pricing power.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained volume driven growth with total operating income (TOI) above ₹400 crore along with profit before interest, lease, depreciation and tax (PBILDT) margin above 10%.
- Total debt to PBILDT below 2x on sustained basis.
- Improvement in liquidity backed by built-up of free cash-bank balance and/ lower reliance on the external borrowing.

Negative factors

- Total debt to PBILDT above 3.50x on sustained basis.
- Total outside liability (TOL) / tangible net0worth (TNW) above 1.25x on sustained basis.
- Crystallization of the contingent liability pertaining to the income tax demand leading to deterioration in overall financial profile of the company.

Analytical approach: Standalone

Outlook: Stable

Care Ratings Limited (CareEdge Ratings) expects RCPL to continue benefiting from its promoters' extensive experience in the textile industry, as well as its strategic location in a cotton-producing hub, which ensures easy access to raw materials.

Detailed description of key rating drivers:

Key strengths

Extensive experience of the promoters in cotton textile industry

RCPL is promoted by Sirazbhai Sadrudinbhai Gangani, who has over 20 years of experience and looks after sales operations, Anilbhai Amarshibhai Daslaniya, who has 20 years of experience and oversees purchase operations, and Nadirbhai Barkatbhai Gangani, who has 10 years of experience and oversees accounts and sales functions. The extensive experience of promoters in the cotton textile industry has enabled them to develop a strong understanding market dynamics. The promoters are supported by a wider team handling technical, production, and administrative functions, which assists in smooth day-to-day operations and functional execution.
The promoters of RCPL are also involved as partners / directors in several other companies engaged in the cotton textile business. Some of the major companies includes Radheshyam Industries, Real Prince Spintex Private Limited, Radheshyam Ginning Pressing Private Limited, Prince Spintex Private Limited, Niva Exports LLP and Prince Elite Overseas LLP.

Comfortable capital structure and debt coverage indicators

RCPL's capital structure remained comfortable marked by overall gearing of 0.78x as on March 31, 2026 (0.85x as on March 31, 2025). TNW remained at ₹91.78 crore as on March 31,2026 (₹77.71 crore in FY25).

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

As on March 31, 2026, the company had an overall debt of ₹71.14 crore (₹66.41 crore as on March 31, 2025), comprising majorly of working capital borrowings of ₹19.46 crore (₹19.94 crore) and term loans of ₹49.28 crore (₹46.47 crore). Further, with no major capex planned in near future, the capital structure is envisaged to remain comfortable.
Debt coverage indicators remained comfortable marked by PBILDT interest coverage and total debt to PBILDT of 4.26x and 2.75x respectively in FY26 as against 4.08x and 2.96x respectively in FY25.

Location advantage due to its presence in the cotton ginning hub with easy access to raw material
The manufacturing facility of RCPL is located in Amreli (Gujarat) which produces majority of Gujarat's total cotton production. Being located in Amreli, a prominent cotton ginning hub, offers a significant strategic advantage due to the easy and cost-effective access to high-quality raw cotton. The proximity to numerous ginning and pressing units reduce transportation costs and lead times, ensuring a consistent and timely supply of raw material. This apart from enhancing production efficiency also supports better inventory management and working capital optimization. Additionally, the presence of a well-developed cotton ecosystem fosters stronger supplier relationships, competitive pricing, and quick responsiveness to market demand, collectively strengthening the manufacturing plant's operational efficiency and overall competitiveness in the textile value chain.

Key weaknesses

Moderate scale of operations and profitability
Scale of operations of RCPL remained largely stable over last 2-3 years. It reported TOI of ₹276.05 crore in FY26 (FY25: ₹285.51 crore). Income from operations has demonstrated a steady growth trend over the years, driven by successful scaling up of business.
RCPL's reported moderate profitability marked by PBILDT and profit after tax (PAT) margins of 9.38% and 5.10% respectively in FY26 (FY25: 8.64% and 4.39% respectively). It has renewable power capacity of ~8.60 MW. The company reported gross cash accruals (GCA) of ₹19.92 crore for FY26 (Fy25: ₹18.99 crore).

Inherent volatility associated with raw material prices and its impact on profitability
RCPL's profitability is susceptible to the movement in the prices of raw cotton which is the key raw material (RM) for production of cotton yarn. RM consumption cost was 84% of TOI in FY26 (FY25: 85%). The prices of raw cotton are volatile in nature and depend upon factors such as area under production, yield, vagaries of monsoon, international demand supply scenario, inventory carry forward from the previous year and export quota along with minimum support price (MSP) decided by the government. Prices of raw cotton have been volatile over last couple of years, which translates into risk of inventory losses for the industry players.

Presence in highly fragmented and competitive industry with limited product differentiation
The yarn manufacturing industry in India is highly fragmented and dominated by small-scale units, leading to high competition in the industry. Smaller standalone units are more vulnerable to intense competition and have limited pricing flexibility, which constrains their profitability compared to larger integrated textile companies, which have better efficiencies and pricing power considering their scale of operations. The fragmented nature of the industry limits the ability to pass on increase in raw material prices to end-customers and is usually accompanied by a time lag.

Liquidity: Adequate

RCPL's liquidity remains adequate marked by positive cashflow from operations of ₹11.72 crore for FY26 (FY25: ₹4.39 crore), comfortable current ratio and sufficient cushion in GCA vis-à-vis its term debt repayment obligation. RCPL is envisaged to achieve GCA of ₹18-22 crore for the period of FY27-FY29 as against repayment obligations of ₹7.5-9.5 crore during the same period. Its current ratio and quick ratio remined adequate at 1.58x and 0.33x respectively as on March 31, 2026.
The average utilization of fund-based working capital limit remained moderate at 81% for the trailing 11-month period ended on February 2026 whereas the average closing month end utilization for the same period remained at 96%. As on March 31,2026 RCPL had low free cash and bank of ₹0.01 crore (₹2.53 crore as on March 31,2025). The company's operating cycle elongated and stood at 60 days as on March 31, 2026, compared to 32 days as on March 31, 2025, primarily due to increase in inventory holding period.

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

Radheshyam Cotspin Private Limited (RCPL), based in Amreli, Gujarat, was incorporated on February 17, 2021, as a private limited company by Mr. Sirazbhai Sadrudinbhai Gangani, Mr. Riyazbhai Ramzanbhai Jivani, Mr. Anilbhai Amarshibhai Daslaniya and their family members. The company is engaged in the manufacturing of 100% cotton yarn. Its product range includes various counts from 12s to 40s with major focus on 12s to 24s. As of March 31, 2026, RCPL has an installed capacity of 24,480 spindles at its manufacturing facility located in Amreli, Gujarat.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (P)
Total operating income	285.51	276.05
PBILDT*	24.66	25.91
Profit after tax (PAT)	12.53	14.08
Overall gearing (x)	0.85	0.78
Interest coverage (x)	4.08	4.26

A: Audited P:Provisional ; 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: None

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	25.22	CARE BBB-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	4.50	CARE BBB-; Stable / CARE A3
Term Loan-Long Term		-	-	March 2033	49.28	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 2026-2027	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
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	4.50	CARE BBB-; Stable / CARE A3				
2	Term Loan-Long Term	LT	49.28	CARE BBB-; Stable				
3	Fund-based - LT-Cash Credit	LT	25.22	CARE BBB-; Stable				

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 - LT-Cash 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

Annexure-6: List of facilities/instruments and FSRs

As required by SEBI Circular dated February 10, 2026, to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026, and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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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