Vivekanand Cotspin Limited

June 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	10.90 (Reduced from 15.78)	CARE BB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	48.00 (Enhanced from 28.00)	CARE BB+; Stable / CARE A4+	Reaffirmed

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-7.

Rationale and key rating drivers

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

Ratings assigned to bank facilities of VG continue to remain constrained considering its moderate profitability and modest net worth base. Ratings are also constrained by VG's presence in a highly fragmented and competitive textile industry, and its profitability susceptible to fluctuation in cotton prices.

However, ratings take cognisance of sustained growth in its scale of operations in FY26 (refers to April 01 to March 31) resulting in adequate liquidity position. Ratings continue to derive strength from promoters' vast experience 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 and improvement in profit before interest, lease rentals, depreciation, and tax (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 to gross cash accruals (TD/GCA) below 7x on a 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 entities are engaged in similar line of business, promoted by same promoter group, are under common management and have operational linkages. 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 considering its experienced promoters and integrated operations.

Detailed description of key rating drivers:

Key weaknesses

Moderate profitability

Operating profitability of the entity has remained modest over the years up to FY26, with PBILDT margins in the range of 1%-4%, constrained by the inherently low value addition in the cotton ginning business and intense competition in the textile industry. In FY26, the PBILDT margin declined by 112 basis points to 2.56% (FY25: 3.68%), primarily due to a higher proportion of trading sales in the overall revenue mix, which typically yields lower margins compared to core ginning and spinning operations.

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

Leveraged capital structure and moderate debt coverage indicators
VG's capital structure improved though remained moderate, as reflected in an overall gearing of 1.97x as on March 31, 2026 (2.19x as on March 31, 2025). Improvement in gearing was primarily supported by repayment of unsecured loans aggregating to ₹7.20 crore, and equity infusion in VCL to the tune of ₹8.00 crore, resulting in an augmentation of the net worth to ₹67.68 crore in FY26 (PY: ₹58.70 crore).

The debt coverage indicators continue to remain moderate with PBILDT interest coverage at 1.85x and TD/GCA at 11.74x, respectively, in FY26 (PY: 2.09x and 11.36x, respectively).

Profitability susceptible to volatile raw material prices
The margins are highly susceptible to changes in the cotton prices. The cotton price 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 cotton prices, which are governed by factors such as area under cultivation, monsoon, and international demand-supply situation, among others. 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. VG is able to partly pass on 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 adverse movement in foreign currency. However, to counter currency risk, ACL enters 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 cotton oil cakes. The group also ventured into spinning via ACL and started selling in export market. In 2015, the group enhanced its facilities by incorporating VCL, which is engaged in both ginning and spinning. Since FY23, ACL has limited only to trading 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 in Mehsana (Gujarat), which has raw cotton available within the proximity. Gujarat is the largest cotton producer 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.

Growth in scale of operations
The total operating income of VG witnessed a significant year-on-year growth of 56.78% to ₹933.48 crore in FY26 from ₹595.38 crore in FY25, driven by higher export volumes of cotton bales/yarn and oil cake through ACL across multiple geographies, supported by improved capacity utilisation in the cotton ginning and spinning segments. The export sales have contributed ~30% of the total sales in FY26 (PY: ~28%).

As on May 09, 2026, VCL has order book of ₹54 crore.

Liquidity: Adequate
The liquidity profile of VG remains adequate, supported by moderate utilisation of working capital limits and sufficient cash and bank balances, amounting to ₹15.82 crore as on March 31, 2026 (PY: ₹3.83 crore).

The average utilisation of fund-based working capital limit of VG remained moderate in the range of 56% to 82% in the trailing 12 months ended March 31, 2026.
The textile segment remains inherently working capital intensive, primarily due to the seasonality in raw material procurement and inventory holding requirements. However, the operating cycle improved to 40 days in FY26 from 67 days in FY25, considering lower inventory holding days, supported by improved inventory management, faster inventory turnover, and stable raw material availability, resulting in reduced stocking requirements during the year.

VG generated cash flow from operations (CFO) of ₹15.59 crore in FY26 (FY25: ₹39.86 crore), the moderation was primarily attributable to lower working capital release compared to FY25. The current ratio and quick ratio stood at 1.38x and 0.80x as on March 31, 2026, respectively (FY25: 1.47x and 0.62x).

Going forward, VG is expected to generate GCA of ₹11-14 crore, which are adequate to meet its debt repayment obligations of ~₹4.50-5.50 crore and capex requirement over the projected period, providing a sufficient cushion in liquidity.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Consolidation
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
VG was established in 1983 by the Patel family. The group is involved in manufacturing and marketing cotton products, both in the domestic and international markets.

About VCL
VCL was established in 2015 and is promoted by the Patel family. The company was established as LLP, and later in August 2024, it was converted to Private Limited. Subsequently, in December 2024, it got converted into a limited company. The manufacturing facility of the company is in Mehsana, Gujarat. The entity is engaged in 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, 2025 (UA)	March 31, 2026 (UA)
Total operating income	595.38	933.48
PBILDT	21.88	23.91
PAT	4.67	5.25
Overall gearing (times)	2.19	1.97
Interest coverage (times)	2.09	1.85

UA: Un-audited, as audited financials are combined by the analytical team based on, line-by-line addition and netting off the intergroup transactions. NA: Not available; Note: these are latest available financial results

Vivekanand Cotspin Limited (Standalone):

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (Prov)
Total operating income	366.61	409.07
PBILDT	14.46	16.15
PAT	4.02	3.76
Overall gearing (times)	3.09	1.55
Interest coverage (times)	3.71	2.88

A: Audited Prov: Provisional NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

Crisil has placed ratings assigned to bank facilities of Vivekanand Cotspin LLP in "Issuer Not co-operating" category, vide press release dated January 31, 2026, considering its inability to carry out a rating exercise in the absence of the requisite information.

Brickworks has placed ratings assigned to bank facilities of Vivekanand Cotspin LLP in "Issuer Not co-operating" category vide press release dated October 28, 2025, considering 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST	-	-	-	-	48.00	CARE BB+; Stable / CARE A4+
Term Loan-Long Term	-	-	-	31-08-2029	10.90	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 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	Fund-based/Non-fund-based-LT/ST	LT/ST	48.00	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (01-Oct-25) 2)CARE BB; Stable / CARE A4 (03-Apr-25)	1)CARE BB; Stable / CARE A4 (11-Sep-24)	-
2	Term Loan-Long Term	LT	10.90	CARE BB+; Stable	-	1)CARE BB+; Stable (01-Oct-25) 2)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

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Vivekanand Cotspin Limited (VCL)	Full	Operational & Financial linkages
2	Vivakanand Industries Limited (VI)	Full	Operational & Financial linkages
3	Ambica Cotseeds Limited (ACL)	Full	Operational & 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.

Annexure-7: 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 being 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 ~	-
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

[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

issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details and 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.

Contact us

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About us:

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