Kian Cotspin LLP

September 18, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term Bank Facilities	RBI	51.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	RBI	2.50	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information (including No Default Statement) from Kian Cotspin LLP (KCL) to monitor the rating vide e-mail communications dated September 03, 2026, September 02, 2026, August 03, 2026, July 28, 2026, July 20, 2026, July 15, 2026, July 06, 2026, June 10, 2026, June 15, 2026, June 24, 2026, June 30, 2026 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited (CareEdge Ratings)'s opinion is not sufficient to arrive at a fair rating. The ratings on KCL's bank facilities will now be denoted as '**CARE B+; Stable; ISSUER NOT COOPERATING / CARE A4; ISSUER NOT COOPERATING.'**

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Kian Cotspin LLP (KCL) have been revised on account of non-availability of requisite information. The ratings assigned to the bank facilities of Kian Cotspin LLP (KCL) remained constrained on account of short track record of operations with moderate profitability, susceptibility of its profitability to volatility in cotton prices, presence in highly competitive and cyclical textile industry, constitution as a limited liability concern. Ratings, however, continue to derive strength from the experience of promoters in textile business, favourable location of its manufacturing unit with proximity to cotton growing region, moderately leveraged capital structure and moderate debt coverage indicators.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on August 20, 2025 the following were the rating strengths and weaknesses

Key weaknesses

Short track record of operations with moderate profitability

KCL commenced operation from July 2023 in a phase-wise manner. It started production with an installed capacity of 5,472 spindles from July 2023 and as on March 31, 2025, company is operating with 14,592 spindles. KCL reported significant growth of ~58% y-o-y in revenue mainly driven by volume and realisation growth in FY25. In FY25, KCL's total operating income(TOI) was Rs.119.81 crore as against Rs.56.84 crore in first nine months of operation in FY24. Profitability remained moderate marked by PBILDT margin of 7.65% in FY25 (P.Y.: 11.32%).

Owing to high depreciation and interest cost, KCL reported net loss of Rs. 1.48 crore in FY25 (P.Y.: net loss of Rs.3.47 crore). However, gross cash accruals (GCA) remained positive at Rs.5.12 crore in FY25 (P.Y.: Rs.3.76 crore). In Q1FY26, KCL reported TOI of ~Rs.32 crore with PBILDT margin of 9.42%.

[1]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

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Susceptibility of its profitability to volatility in raw material prices

KCL's profitability is susceptible to movement in raw cotton prices which is key raw material for production of cotton yarn. 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. Price volatility entails the risk to profitability of the players dealing with commodity nature of end product i.e. cotton yarn.

Highly competitive and cyclical textile industry

The yarn manufacturing industry is highly competitive and fragmented with the presence of large number of integrated players which limits the pricing power of a small standalone unit. The textile industry also witnesses regulatory risks such as change in domestic and international government policies related to subsidies or imports / exports, which also affects the industry players. Also, there is stiff competition from countries like Bangladesh, Vietnam etc. in terms of cotton exports. KCL's major customers include merchant exporters which ultimately exports major goods to Bangladesh. Consequently, imposition of higher tariff on Bangladesh export may impact KCL's growth adversely. Further, the textile industry is inherently vulnerable to the economic cycles and is sensitive to overall economic activities, hence, fortunes of industry players are lined with overall economic situation.

Constitution as a limited liability concern

KCL's constitution as a limited liability concern restricts its overall financial flexibility in terms of limited access to external funding for any future expansion plans. There is also inherent risk of withdrawal of capital and dissolution of the firm in case of death/ insolvency of partners. There are no instances of capital withdrawal is observed since incorporation.

Key strengths

Experienced promoters

KCL is promoted by Vansjaliya, Detroja, and Amrutiya family. Promoters of the company have been engaged in cotton industry since more than a decade. Presence of more than a decade in the cotton industry has enabled them to develop a strong understanding of market dynamics and established customer base.

Favourable location of its manufacturing unit with proximity to cotton growing region

The manufacturing facility of KCL is located at Jamnagar, Gujarat. Since Gujarat is India's major cotton producing belt, it helps KCL easily procuring cotton from nearby ginners with added advantage in terms of lower logistics expenditure (both on the transportation and storage). Firm procures raw material i.e. cotton bales from the players in its vicinity with part of the raw material requirement also being met from its associate namely Jay Dwarkadhish Ginning and Oil Industries thus benefiting from operational synergies.

Moderately leveraged capital structure and moderate debt coverage indicators

KCL's capital structure continue to remain moderately leveraged marked by overall gearing of 1.82x (FY24: 1.99x) as on March 31, 2025, and 1.91x as on June 30, 2025, mainly owing to recently completed debt funded capex. KCL installed 3 MW ground mounted solar plant at a cost of ~Rs.11.72 crore in FY25. The same was funded through term loan of Rs.7.41 crore and balance through capital infusion by partners. The solar plant was operationalised from FY25 and shall result in the power cost savings of ~Rs.2-2.6 crore annually going forward. KCL's capital base remained moderate at Rs.24.54 crore as on March 31, 2025, limiting its overall financial flexibility.

Debt coverage indicators remained moderate marked by PBILDT Interest coverage of 2.07x and total debt to GCA (TDGCA) of 9.06x in FY25 (FY24: 2.36x and 11.14x respectively).

Assumptions/Covenants: Not Applicable

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

Applicable Criteria:
Criteria on Information Adequacy Risk and Issuer Non-Cooperation
CARE Ratings' Policy on Default Recognition
Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
CARE Ratings' Criteria on Rating of Short Term Instruments
Financial Ratios – Non-Financial Sector
Rating Methodology - Manufacturing Companies
Rating Methodology - Cotton Textile

About the company and industry
Industry classification

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

Incorporated in April 2021, KCL (LLPIN: AAW-8141) is promoted by Vansjaliya, Detroja, and Amrutiya family. Based in Jamnagar, Gujarat, KCL has set up a spinning mill comprising 14,592 spindles with the capacity of around 4,563 tonne per year as on March 31, 2025. The unit manufactures cotton yarn in the range of 16s to 40s.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (Prov.)
Total operating income	56.84	119.81	31.96
PBILDT	6.44	9.17	3.01
PAT	-3.47	-1.48	0.13
Overall gearing (times)	1.99	1.82	1.91
Interest coverage (times)	2.36	2.07	2.55

A: Audited; Prov.: 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: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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-Cash Credit	RBI	Simple	-		-	-	15.59	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-12-2031	35.41	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee	RBI	Simple	-		-	-	2.50	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 - LT-Term Loan	LT	35.41	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (20-Aug-25)	1)CARE BB; Stable (24-Jul-24)	-
2	Fund-based - LT-Cash Credit	LT	15.59	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (20-Aug-25)	1)CARE BB; Stable (24-Jul-24)	-
3	Non-fund-based - ST-Bank Guarantee	ST	2.50	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (20-Aug-25)	1)CARE A4 (24-Jul-24)	-

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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.

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