Bansal Spinning Mills Private Limited

June 11, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	95.45	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Rating Upgraded	Simple
Short Term Bank Facilities	75.19	IVR A2 (IVR A Two)	IVR A3+ (IVR A Three Plus)	Rating Upgraded	Simple
Total	**170.64**	**Rupees One Hundred Seventy Crore and Sixty-Four Lakhs Only**			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has upgraded long term rating to IVR BBB+ with a Stable outlook and short-term rating to A2 for the bank loan facilities of Bansal Spinning Mills Private Limited (BSMPL).

The rating continues to draw comfort from the established track record of operations and experienced management, easy availability of raw material, diversified geographical presence, improved debt protection metrics, financial risk profile and improved scale of operations and profitability. However, these strengths are partially offset working capital-intensive nature of operations and susceptibility of profitability to raw material price volatility.

The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. IVR believes BSMPL’s business risk profile will be maintained over the medium term. The company performance has improved in FY2025 (Provisional) as compared to FY2025. The industry outlook is also improving led by favourable export demand for Indian woollen yarn and fabrics in global markets.

IVR has principally relied on the standalone audited financial results of BSMPL upto 31 March 2024, FY2025 (refers to period April 1st, 2024, to March 31, 2025) unaudited certified provisional results and projected financials for FY2026, FY2027 and FY2028, and publicly available information/ clarifications provided by the company’s management.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations with TOI above Rs. 650 crore and profitability margins
- Improvement in debt protection metrics
- Sustenance overall gearing below 0.60x

Downward Factors

- Significant reduction in the scale of operations and profitability margins
- Deterioration in debt protection metrics and overall gearing

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record of operations and experienced management:**
  The company commenced its operations in 1998 and has a successful track record of more than two decades in the existing line of business. Overall activities of BSMPL are managed by three directors with Mr. Sat Pal Bansal being the Managing Director. He has experience of more than 2 decades in the wool and yarn business. He is ably supported by other two directors namely, Mr. Chintan Bansal and Ms. Isha Bansal who have effective experience in existing line of business as well as supported by qualified and well experienced management team.

- **Easy availability of raw material:**
  The company has easy access to raw materials as its manufacturing plant is in Sahnewal, Ludhiana (Punjab), which is textile wool growing belt of India. Punjab is the largest producer of woolen goods. It also imports raw wool from countries like Australia, New Zealand, USA. Favourable location of the plant also enables the company to save on logistics costs.

- **Diversified geographical presence:**
  The company has diversified geographical presence as their products are sold in Korea, United Kingdom, Algeria, Belarus, Romania, Portugal, Chile, Nepal, Egypt, Sri Lanka, Turkey and PAN India. They have long term relationship with majority of its customers.

- **Improved debt protection metrics and financial risk profile:**
  In terms of the debt coverage indicators, the interest service coverage ratio (ISCR) and the debt service coverage ratio (DSCR) improved to 2.40x and 1.46x respectively in FY2025 (Provisional) as compared to 1.86x and 1.21x respectively in FY2024. The tangible networth has improved to Rs. 86.51 crore in FY2025 (Provisional) from Rs. 78.76 crore in FY2024. Overall gearing has improved to 1.10x in FY2025 (Provisional) from 1.25x in FY2024.

- **Improved scale of operations and profitability margins:**
The total operating income (TOI) improved to Rs. 390.50 crore in FY2025 (Provisional) from Rs. 358.88 crore in FY2024. The company's operating profit margins and PAT margins have improved to 7.24% and 2.01% respectively in FY2025 (Provisional) from 6.45% and 1.22% respectively in FY2024 due to increase in scale of operations.

Key Rating Weaknesses

- **Working capital intensive nature of operations:**
BSMPL's operations are working capital intensive in nature, supported largely by bank borrowings. The average utilization of fund based working capital limits of the company stood moderate around ~70.74% respectively during the last 12 months ending 30th April 2025. The company has large working capital requirements which are reflected in an elongated conversion cycle of 112 days in FY2025 (Provisional) (FY2024: 123 days).

- **Susceptibility of profitability to raw material price volatility:**
The wool and woollen industry's profitability margins are highly correlated with fluctuations in raw wool prices. The company does not have any long-term contracts with suppliers with regards to either quantity or price. However, it has several years of relationships. The wool and woollen industry is fragmented and there is significant competition among the players in the industry due to which their bargaining power is limited. This restricts the players from fully passing on the input cost increases to customers or retaining any benefits of lower input costs. As a result, the profitability margins of the company are susceptible to the volatility in raw wool prices.

Analytical Approach: For arriving at the ratings, IVR has analysed BSMPL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

Rating Methodology for Manufacturing Companies
Financial Ratios & Interpretation (Non-Financial Sector)
Criteria for Assigning Rating Outlook
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The company has an adequate liquidity position. There are long-term secured borrowings from banks, amounting to Rs. 23.42 crore, as on 31st March 2025. Against a current portion of long-term debt (CPLTD) of Rs 5.89 crore in FY2025, the company had a cash accrual of Rs. 14.06 crore in FY2025. The company projected to generate cash accruals between Rs. 16.99 crore-Rs. 25.14 crore during FY2026-FY2028 which is sufficient future repayment obligations. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.

About the Entity

Bansal Spinning Mills Private Limited (BSMSPL) was incorporated in 1998 under the leadership of Mr. Sat Pal Bansal and Mr. Chintan Bansal. The company is engaged in the process of wool scouring, combing, dyeing, worsted spinning, woollen spinning, worsted acrylic spinning, weaving, fancy yarn, fabrics, blankets and ladies' knitwear etc. The company manufacturing unit is spread over 14 acres and is located at Ludhiana, Punjab with an installed capacity of 22,500 spindles. It is a two-star export house recognised by Government of India. It is an ISO certified company.

Financials (Standalone):

(Rs. crore)

For the year ended as on	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	358.88	390.50
EBITDA	23.14	28.26
PAT	4.37	7.86
Total Debt	98.84	95.23
Tangible Networth	78.76	86.51
EBITDA Margin (%)	6.45	7.24
PAT Margin (%)	1.22	2.01
Overall Gearing Ratio (x)	1.25	1.10
Interest Service Coverage Ratio (x)	1.86	2.40

Status of non-cooperation with previous CRA: It is under ISSUER NOT COOPERATING category with Brickwork Ratings via press release dated 9th August 2024 due to non-submission of information.

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Type of Instrument/Facility	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 13th May 2024	Date(s) & Rating(s) assigned in 2023-24 24th April 2023	Date(s) & Rating(s) assigned in 2022-23
1.	Fund Based	Long Term	95.45	IVR BBB+/Stable	IVR BBB/Stable	IVR BBB/Stable	-
2.	Fund Based	Short Term	22.50	IVR A2	IVR A3+	-	-
3.	Non-Fund Based	Short Term	52.69	IVR A2	IVR A3+	IVR A3+	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan (GECL)	-	-	Jan 2026	1.91	IVR BBB+/Stable
Term Loan (GECL)	-	-	May 2026	2.11	IVR BBB+/Stable
Term Loan (GECL)	-	-	Jan 2029	8.43	IVR BBB+/Stable
Term Loan	-	-	Jun 2031	7.00	IVR BBB+/Stable
Cash Credit	-	-	-	73.00	IVR BBB+/Stable
SLC	-	-	-	3.00	IVR BBB+/Stable
EPC/PCFC	-	-	-	22.50	IVR A2
Bank Guarantee	-	-	-	8.00	IVR A2
Letter of Credit	-	-	-	39.00	IVR A2
CEL	-	-	-	5.69	IVR A2

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/Len-Bansal-Spinning-11june25.pdf

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.