



Press Release

Rudra Cottex Private Limited (RCPL)

July 29, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities – Term Loan	34.96 (Previously Rs. 50.78 crore)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating upgraded	Simple
Long Term Bank Facilities – Term Loan	0.00 (Previously 0.26 crore)	--	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Withdrawn*	Simple
Long Term Bank Facilities – Cash Credit	37.00 (Previously Rs. 31.00 crore)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating upgraded	Simple
Short Term Bank Facilities – Bank Guarantee	2.50	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Rating upgraded	Simple
Proposed Long Term Bank Facilities	15.00 (Previously Rs. 27.00 crore)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating upgraded	Simple
Total	89.46 (Rupees Eighty Nine crore and Forty Six lakh only)				

*Infomerics has withdrawn the ratings of Term Loan facilities on the basis of request by the company and no dues certificate by the banker. The rating is withdrawn in line with Infomerics policy of Withdrawal of rating.

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.



Press Release

Detailed Rationale

Infomerics has upgraded its rating assigned to the bank facilities of RCPL due to improvement in profitability due to focus on value added products, capital structure as well as debt protection metrics in FY24 - FY25(Prov.) (refers to period from April 1, 2024 to March 31, 2025) period. RCPL continues to derive strength from sustained improvement in revenue and profitability, comfortable capital structure, experienced promoters and benefits of capex. The ratings are however constrained by susceptibility of profitability to volatility in raw material prices and intense competition prevalent in the industry.

The outlook is expected to remain stable given the extensive experience of the promoters along with expected improvement in revenue and EBITDA margins along with comfortable debt protection metrics.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in the company's revenue and / or profitability while maintaining the debt protection parameters.

Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Sustained improvement in revenue and profitability

RCPL's revenue has improved by 23.85% to Rs. 275.46 crore in FY25(Prov.) from Rs. 222.41 crore in FY24 driven by higher sales volume in FY25, even though the realization has declined to decline in cotton yarns price on account of decline in raw material price which are pass through in nature.

RCPL's EBITDA margin has improved to 18.29% in FY25 (Prov.) from 14.48% in FY24 due to lower raw material cost, higher share of value added products and reduction in power costs by 6.82% during FY25 due to commencement of operations of rooftop solar panel project from January 2025. The power costs will get further reduced in FY26 and



Press Release

onwards as solar panel for ground project will be operational from December 2025, which will lead to further improvement in EBITDA margins.

Comfortable capital structure

RCPL's capital structure has improved as overall gearing and TOL/ATNW have improved to 0.65x and 1.06x respectively in FY25 from 1.12x and 1.48x respectively in FY24 on account of accretion to profits. Further, interest coverage ratio and Total debt/NCA ratio has improved to 5.80x and 2.11x respectively in FY25(Prov.) from 2.78x and 5.21x respectively in FY24.

Experienced promoters

RCPL's promoters have experience of around 10 years in diverse businesses, such as trading of cotton bales, manufacturing paper and construction. Their experience has been critical in enabling the company to establish relationships with customers and suppliers, leading to timely scaling up of operations, and should continue to support the business.

Benefits of capex

RCPL is incurring capex amounting Rs. 28.04 crore to setup solar panel with total capacity of 6.25 MW out of which solar panel for roof top project with 1.25 MW capacity was successfully completed in January 2025 and solar panel ground project with capacity of 5.00 MW capacity is expected to be completed by December 31, 2025. After successful completion of the solar panel ground project, the power costs are expected to get reduced significantly. This will lead to improved margins for the company. The project is funded by term loan of Rs. 15.0 crore and rest from internal accruals / promoter contribution in the form of unsecured loans. The company has already incurred ~Rs. 5.24 crore in FY2025 for the capex.

Key Rating Weaknesses

Susceptibility of profitability to volatility in raw material prices

Cotton being an agro-commodity is susceptible to agro-climatic risks. The profit margins are highly susceptible to changes in the prices of cotton. The government through the Minimum Support Price (MSP) fixes the price of cotton. However, the purchase price depends on the prevailing demand-supply situation, which restricts bargaining power with suppliers as well.



Press Release

Any adverse movement of cotton prices further impacts profitability. Additionally, demand for yarn largely is driven by international demand supply dynamics, resulting in volatile margins.

Intense Competition prevalent in the industry

The textile industry segment is characterised by high levels of fragmentation and low entry barriers across the value chain. RCPL faces stiff competition in the domestic market and from other upcoming players because of lower production costs, ease-of-doing-business, and availability of cheap labour.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on assigning rating outlook](#)

[Criteria on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on withdrawal of ratings](#)

Liquidity – Adequate

The liquidity position of the company remains adequate as cash accruals are expected to match adequately with debt repayment obligations. The free cash balance as on March 31, 2025, stood at Rs. 0.21 crore. The average working capital utilization for 12 months ending December 2024 has been ~89%. The current ratio and quick ratio stood at 1.45x and 0.52x respectively in FY25.

About the Company

RCPL was incorporated in 2016. The company is owned and managed by Mr. Nilesh Patel, Mr. Radhe Pokar and Mr. Rahul Dholu. It is engaged in cotton spinning to produce combed and carded yarn. Its manufacturing facility is in Ahmedabad and Gandhinagar, Gujarat, with installed capacity of 27,360 spindles.



Press Release

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Provisionals
Total Operating Income	222.41	275.46
EBITDA	32.21	50.39
PAT	10.20	25.81
Total Debt	90.78	69.52
Tangible Net Worth	81.12	106.92
EBITDA Margin (%)	14.48	18.29
PAT Margin (%)	4.58	9.36
Overall Gearing Ratio (x)	1.12	0.65
Interest Coverage (x)	2.78	5.80

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Brickwork Ratings continued to maintain the ratings assigned to RCPL's bank facilities in the 'Issuer Not Cooperating' category vide Press Release dated January 29, 2025, due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (July 16, 2024)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Term Loan	Long Term	34.96	IVR BBB/ Stable	IVR BBB-/ Stable	--	--
2.	Term Loan	Long Term	0.00	Withdrawn	IVR BBB-/ Stable	--	--
3.	Cash Credit	Long Term	37.00	IVR BBB/ Stable	IVR BBB-/ Stable	--	--
4.	Bank Guarantee	Short Term	2.50	IVR A3+	IVR A3	--	--
5.	Proposed Long Term Bank Facilities	Long Term	15.00	IVR BBB/ Stable	IVR BBB-/ Stable	--	--



Press Release

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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.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Press Release

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	--	--	January, 2029	34.96	IVR BBB/ Stable
Cash Credit	--	--	--	37.00	IVR BBB/ Stable
Bank Guarantee	--	--	--	2.50	IVR A3+
Proposed Long Term Bank Facilities	--	--	--	15.00	IVR BBB/ Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Rudra-Cottex-29july25.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined 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.