T.C. Spinners Private Limited

July 09, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	213.60 (reduced from Rs 229.00 crore)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	1.00	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Rating Reaffirmed	Simple
Total	**214.60**	**(Rupees two hundred fourteen crore and sixty lakhs only)**			

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

Detailed Rationale

Infomerics Ratings has reaffirmed the long-term rating at IVR BBB with a Stable outlook and short-term rating at IVR A3+ for the bank loan facilities of T.C. Spinners Private Limited (TCSPL).

The ratings reaffirmation reflects continuation of comfortable financial risk profile of the company and its growing scale of operations aided by healthy cash accruals along with the comfortable capital structure. The rating continues to draw comfort from its established operational track record of around two decades in the yarn manufacturing industry & experienced management. Additionally, the rating considers locational advantage of the plant owing to proximity to raw material sources and consumption centres. The ratings, however, are constrained by the fragmented structure of the spinning industry. Also, the company's profitability and cash flows are likely to remain vulnerable to the fluctuations inherent in the textiles industry and the volatility in cotton prices and realisations.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that TCSPL will continue to benefit from its operational track record in the business.

IVR has principally relied on the standalone audited financial results of TCSPL up to FY24 (refers to period April 1st, 2023, to March 31st, 2024) and provisional results of FY25 (refers to period April 1st, 2024, to March 31st, 2025) and three years projected financials from

FY26 to FY28 (refers to 1 April 2025 to 31 March 2028), along with publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Sustained growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals.
- Consistent cash generation and prudent working capital management resulting in sustained healthy capital structure.

Downward Factors

- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.
- Moderation in overall gearing above 1.75x on sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of operations and experienced management:

TCSPL commenced its operations in 2006 and has a successful track record of around two decades in the existing line of business. The company is being managed by Mr. Dhruv Satia being the Managing Director who has experience of more than 15 years in the cotton & yarn business. He is supported by other two directors namely, Mr. Rahul Goyal & Mr. Rajesh Kumar who have experience of more than 20 years in cotton & yarn business, supported by qualified and well experienced management team.

Locational advantage owing to proximity to raw material sources and consumption centres:

Company's presence in the state of Punjab enables it to easily procure raw material i.e., cotton, from Gujarat & Haryana which are one of the largest cottons growing state in India. Favourable location of the plant also enables the company to save on logistics costs. Further, Punjab also being one of major textile hub drives demand for company's product and provides competitive advantage.

Growing scale of operations & Profitability:

The total operating income (TOI) of the company has witnessed y-o-y growth of 4.76% in FY25(Prov.) as against FY24 and it has grown with a 3-year CAGR of 7.30%. The company has registered TOI of Rs. 498.86 crore in FY25(Prov.) against Rs. 476.19 crore in FY24. The increase in the TOI is mainly on account of incremental revenue from the sale of its two key product cotton yarn and open-end yarn which has generated revenue of Rs. 381.50 crore &

Rs 116.70 crore in FY25(Prov.) as against Rs. 362.43 crore & Rs 105.34 crore respectively in FY24. The profitability of the company in terms of EBITDA margin has improved marginally to 8.25% in FY25(Prov.) against 7.89% in FY24 on account of improved realisation of cotton and open-end yarn.

Comfortable leverage

The capital structure of the company remains at comfortable level marked by overall gearing of 1.15x as on March 31, 2025 (Prov.) (PY: 1.17x). Total indebtedness remained comfortable as reflected by total outside liabilities (TOL)/adjusted tangible net worth (ATNW) of 1.36x in FY25(Prov.) as against 1.29x in FY24. The debt protection metrics also remained comfortable marked by interest service coverage ratio (ISCR) at 2.49x in FY25(Prov.) (2.47x in FY24) and debt service coverage ratio (DSCR) at 1.24x in FY25(Prov.) (1.53x in FY24). Total debt to EBITDA ratio improved marginally and stood moderate at 4.82x in FY25 (Prov.) against 5.22x in FY24.

Key Rating Weaknesses
Susceptibility to volatility in raw material prices & forex fluctuations:

The company derives almost all its total revenue from the yarn segment, which is susceptible to volatility in cotton and cotton yarn prices. Prices & demand of both raw materials and finished goods are driven by international & domestics demand-supply dynamics. As a result, the operating margin along with the realisation keeps on fluctuating in tandem with the market conditions. Additionally, as company derives close to ~9% of its revenues from the overseas markets, it is also susceptible to volatility in forex rates.

Operating in intensely competitive industry:

The cotton yarn industry is highly commoditized. The high degree of fragmentation and commoditized nature has caused intense competition among cotton processing units. Entry barriers in cotton processing business are low on account of limited capital and technology requirements and low differentiation in end product. This leads to intense competition and limits players' pricing power, resulting in low profitability. Since raw cotton is an agricultural commodity, its availability is limited and primarily depends on the monsoon.

Analytical Approach: Standalone

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 liquidity position of the company is adequate as marked by cash accruals of Rs. 24.95 crore in FY25(Prov.) against current debt repayment obligations of ~Rs. 17 crore. Company is expecting sufficient gross cash accrual in FY26 which are expected to suffice the debt repayment obligations. The bank limit remained utilised at ~94% during the last twelve months ended April 2025. Cash & cash equivalent of the company stands at Rs. 0.50 crore as on March 31, 2025. The current ratio remains comfortable at 1.53x as on March 31, 2025(Prov.) (PY: 1.38x).

About the Company

TCSPL, based out of Lalru, Mohali (Punjab), was incorporated in September 2006 and started its operations with the acquisition of cotton spinning facility of Euro Cotspin Limited from Punjab National Bank under the SARFAESI Act 2002. TCSPL is engaged in the business of manufacturing of cotton yarn, open end yarn and spun sewing thread at its manufacturing facility located at Mohali, Punjab with total installed capacity of 25,627 Tonne per annum, as on March 31, 2025. The company manufactures 100% cotton yarn (carded, combed, compact & open end) of different count ranging from NE 10 to NE 60 depending upon the customer requirement.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisionals
Total Operating Income	476.19	498.86
EBITDA	37.56	41.13
PAT	6.34	3.49
Total Debt	195.97	198.31
Tangible Net Worth	167.99	172.85
EBITDA Margin (%)	7.89	8.25
PAT Margin (%)	1.33	0.70
Overall Gearing Ratio (x)	1.17	1.15
Interest Coverage (x)	2.47	2.49

** As per Infomerics Standard*

Status of non-cooperation with previous CRA: None

Any other information: NA

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 (June 24, 2024)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Fund Based Facilities	Long Term	213.60	IVR BBB/Stable	IVR BBB/ Stable	-	-
2.	Non-Fund Based Facilities	Short Term	1.00	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	-	-	October, 2025	0.92	IVR BBB/Stable
Term Loan	-	-	September, 2030	69.34	IVR BBB/Stable
Term Loan	-	-	December, 2028	11.34	IVR BBB/Stable
Vehicle Loan	-	-	September, 2030	2.00	IVR BBB/Stable
Cash Credit	-	-	-	122.00	IVR BBB/Stable
Bill Negotiation/Bill Discounting	-	-	-	8.00	IVR BBB/Stable
Letter of Credit	-	-	-	1.00	IVR A3+

Annexure 2: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/Len-TC-Spinners-9july25.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.

Press Release

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.