

Siddhi Cotspin Limited

June 23, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 29.84 Crore (Reduced from Rs. 59.94 crore)	Regulator[^]
Long Term Rating	IVR BBB/Stable (Rating reaffirmed)	RBI
Short Term Rating	Rating Withdrawn	RBI

[^]Kindly note that for activities or 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.

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has reaffirmed its long-term rating on the bank facilities of Siddhi Cotspin Limited (SCL).

The rating reaffirmation factors in improvement in operating profitability and overall financial risk profile albeit dip in scale of operation mainly led by shift in product mix. Further, the rating derives strength from easy availability of raw material and experienced promoters in textile industry. The rating also factors in operational gains from captive solar power plant that was operationalized from April'26 resulting into savings in power & fuel costs.

The rating however remains constrained due to subdued scale of operations, susceptible profitability led by fluctuation in key raw material and exposure to intense competition due presence of large number of organized and unorganized players.

Infomerics has withdrawn existing ratings of SCL assigned to CC, TL, GECL and BG facility based on the No due certificate received from lenders and withdrawal request from the company. The withdrawal is in line with the Infomerics' policy on withdrawal of ratings.

Outlook: Stable

The outlook is stable driven by expectations of further improvement in the company's scale of operations and profitability leading to generation of adequate cash flows.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

Key Rating Drivers with Detailed Description

Strengths

- Improved profitability amid strategic product realignment**

During FY26, the company made strategic change in product mix that supported a marginal improvement in profitability albeit scale of operations was subdued. This dip is expected to get mitigated in coming years with gradual increase in scale of operations in line with the revised product mix. The company reported an increase in its operating and net profit margins, with EBITDA margin improving to 5.39% in FY26 from 4.52% in FY25, and PAT margin rising to 2.02% from 1.78% over the same period.

In FY26 (audited), SCL reported a moderation in its scale of operations, with total operating income (TOI) declining to ₹478 crore. The contraction in revenues was primarily driven by a calibrated reduction in exposure to the relatively lower-margin value-added yarn segment, coupled with subdued demand conditions. During the year, the company undertook a conscious shift in its product mix towards relatively higher-margin segments such as cotton yarn and polyester yarn, which offered better demand visibility and margin profiles. In line with this strategy, SCL curtailed its value-added yarn capacity substantially.

- Improvement in financial risk profile depicted by lower debt protection metrics and comfortable coverage indicators**

SCL's capital structure improved significantly, with overall gearing improved to 0.20x as on March 31, 2026, from 0.91x as on March 31, 2025 mainly due to increase in tangible net-worth base owing to internal accruals and increase in equity infusions and timely repayment of obligations. This has also resulted into strengthening of debt coverage indicators with interest coverage stood strong at 8.25x in FY26 against 5.46x in FY25, and Total Debt/EBITDA improving to 1.07x from 2.05x over the same period.

Going forward, Infomerics expects the company's financial risk profile to remain comfortable, supported by improved leverage and healthy debt protection metrics.

- **Easy availability of raw material**

The company has easy access to raw materials as its manufacturing plant is in Ahmedabad (Gujarat), which is situated in the cotton growing belt of India. Favourable location of the plant also enables the company to achieve economies in logistics and supply chain costs. SCL mainly procures raw materials from Gujarat, Rajasthan and Maharashtra.

- **Established track record of operations with a team of experienced promoters**

The promoters of the company have been in the textile business for more than 20 years. The extensive business experience of the promoters supports the business risk profile of the company to a large extent.

Weaknesses

- **Subdued scale of operations amid strategic product realignment**

During FY26, the company reported decline in scale of operations, with SCL's TOI moderating significantly to Rs. ~478 crore in FY26 against Rs. ~724 crore in FY25 mainly due to a strategic shift in product mix. While the company has consciously reduced its exposure to lower-margin segments to improve profitability, the resulting contraction in revenues highlights limited scale momentum. The moderation in turnover may constrain operating leverage and revenue visibility, particularly in a competitive and demand-sensitive industry. Sustained lower scale compared to earlier levels could also impact the company's market positioning.

Going forward, SCL's ability to rebuild scale while sustaining improved margins will remain a key rating sensitivity.

- **Susceptibility of Profitability to Raw Material Price Volatility**

The company's profitability remains susceptible to fluctuations in key raw material prices, particularly cotton, which constitutes a major input. Cotton prices have exhibited significant volatility in recent years, thereby exposing SCL's margins to adverse movements in input costs and corresponding pressure on sales realisations.

Although the company follows an order-backed procurement policy, which provides partial mitigation through better alignment of raw material purchases with confirmed orders, the risk of margin compression persists, especially during periods of sharp price swings or demand-supply imbalances in the cotton and yarn markets.

- **Challenges in a cyclical, fragmented and competitive textile industry**

The textile industry is inherently cyclical, with demand closely tied to consumption trends, disposable income levels, and the overall economic outlook. It is also susceptible to fluctuations in cotton and crude oil prices, challenges in workforce mobilization, and changes in government policies affecting the sector's development. Additionally, the industry is highly competitive and fragmented, with numerous players in both organized and unorganized sectors. Companies must also comply with stringent pollution control regulations, with noncompliance potentially impacting operations negatively.

Liquidity – Adequate

The company's liquidity position level remains adequate, with anticipated cash flow from operations of Rs. ~25 crore to Rs. ~26 crore for the projected 3 years ending FY'29 as against repayment obligation of Rs.1.91 crore for the relevant period, reflecting sufficient cover to service its debt repayments over the next three years. As of March 31, 2026, the company held unencumbered cash and bank balances of Rs.1.06 crore. The average working capital utilization stood approximately at ~58% for the 12-month period ending March 2026. The current ratio and quick ratio stood strong at 7.29x and 4.22x, respectively, as of March 31, 2026. Additionally, the company does not have major capital expenditure plans in the near to medium term.

Rating Sensitivities

Upward Factors

- Consistent and substantial business growth with enhanced profitability, leading to improved cash flow from operations and liquidity.
- Effective working capital management with improvement in operating cycle and liquidity.
- Sustained capital structure along with debt coverage and leverage metrics.

Downward Factors

- Moderation in operating income and/or profitability impacting the gross cash accruals
- Deterioration in the capital structure with moderation in overall gearing ratio to over 2x and/or moderation in debt protection metrics marked by dip in interest coverage to below 2x.
- Significant increase in working capital needs or unplanned capital expenditures worsening liquidity.

About the Company

Incorporated in 2015, Ahmedabad (Gujarat) based Siddhi Cotspin Limited (erstwhile Siddhi Cotspin Pvt. Ltd.) commenced its commercial operation from August 2017 for manufacturing of value added and specialty cotton yarn. SCLs manufacturing unit located at Dholi Integrated Spinning Park, Dholka, Ahmedabad with an installed capacity of ~9012 MT. Currently, the company is headed by Mr. Navin Saraogi and Mr. Aansh Rajesh Bindal.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	724.54	478.14
EBITDA	32.75	25.77
PAT	12.88	9.64
Total Debt	67.11	27.48
Tangible Net Worth (TNW)	73.60	136.64
EBITDA Margin (%)	4.52	5.39
PAT Margin (%)	1.78	2.02
Overall Gearing (times)	0.91	0.20
Interest Coverage (times)	5.46	8.25

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for assigning Rating outlook](#)

[Default Recognition Policy](#)

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

[Policy on Withdrawal of Ratings](#)

Status of non-cooperation with previous CRA: None

Any other information: None



Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					April 22, 2025	April 10, 2024	-
1.	Fund Based	Long Term	29.84	IVR BBB/Stable	IVR BBB/Stable	IVR BBB-/Stable	-
3.	Non-Fund based	Short Term	0.00	Withdrawn	IVR A3+	IVR A3	-

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate / IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook	Listing Status	Regulator^	Complexity Indicator
GECL	--	--	--	March'26	0.00 (13.82)*	Withdrawn	NA	RBI	Simple
Term Loan	--	--	--	Sep'26	0.00 (11.12)*	Withdrawn	NA	RBI	Simple
Term Loan (Fresh)	--	--	--	March'33	13.24	IVR BBB/Stable	NA	RBI	Simple
Cash Credit	--	--	--	Revolving	16.60	IVR BBB/Stable	NA	RBI	Simple
Bank Guarantee	--	--	--	-	0.00 (4.00)*	Withdrawn	NA	RBI	Simple

*Previously rated amount.

^Kindly note that for activities or 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.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/Len_Siddhi_Cotspin23_Jun26_3e3262f48f.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

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	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 Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual 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

Sr. No.	Instrument / activity Name	Regulator of the instrument
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

* 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), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

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.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

Note: For activities or 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.

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About Infomerics

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footprint. Its joint venture in Nepal further underscores its growing influence across South Asia. Over the past decade, Infomerics has emerged as a rapidly expanding force in the credit rating space, achieving broad market recognition and building enduring trust among investors, institutions, and issuers.

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