



## Press Release

### **AB Cotspin India Limited**

**March 27, 2026**

#### **Ratings:**

| <b>Instrument / Facility</b> | <b>Amount (Rs. crore)</b>                 | <b>Current Ratings</b>                                            | <b>Previous Ratings</b>                              | <b>Rating Action</b> | <b><a href="#">Complexity Indicator</a></b> |
|------------------------------|-------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------|----------------------|---------------------------------------------|
| Long Term Bank Facilities    | 147.51<br>(Enhanced from Rs. 93.68 crore) | IVR BBB/Stable<br>(IVR Triple B with Stable Outlook)              | IVR BBB/Stable<br>(IVR Triple B with Stable Outlook) | Rating Reaffirmed    | Simple                                      |
| Short Term Bank Facilities   | 14.00                                     | IVR A3+<br>(IVR A Three Plus)                                     | IVR A3+<br>(IVR A Three Plus)                        | Rating Reaffirmed    | Simple                                      |
| <b>Total</b>                 | <b>161.51</b>                             | <b>Rupees One Hundred Sixty One Crore and Fifty-One Lakh Only</b> |                                                      |                      |                                             |

*Details of Facilities/Instruments 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 reaffirmed the long-term rating at IVR BBB with Stable outlook and short-term facilities at IVR A3+ for the bank loan facilities of AB Cotspin India Limited (ABCIL).

The rating continues to draw comfort from the experienced promoters and long track record, improving scale of operations along with profitability and comfortable capital structure. However, these rating strengths are partially offset by working capital intensive operation and profitability susceptible to volatile raw material prices.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR expects that the company will continue to benefit on account of continuous improvement in scale of operations coupled with healthy operating margins.

IVR has principally relied on the audited financial results of ABCIL up to 31 March 2025 (i.e. review period from 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025), 9MFY26 (Unaudited), projected



## Press Release

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 and profitability margins
- TD/EBITDA remaining below 2.25 times on a sustained basis.

#### **Downward Factors**

- Decline in revenues and/or profitability impacting cash accruals and liquidity of the company.
- Stretch in working capital cycle impacting liquidity of the company.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced promoters and long track record**

The company benefits from experienced promoters and a long operational track record of nearly three decades in the spinning industry. Since its establishment in 1997, the company has grown steadily and developed a stable presence in the manufacturing of cotton yarns. The promoters have built long-standing relationships with suppliers, customers, and other stakeholders across the textile value chain. The management team is led by Chairman and Managing Director Sh. Deepak Garg, who has around two decades of experience in the industry, along with Whole-Time Director Sh. Manohar Lal, who brings over four decades of expertise in the cotton sector. Additionally, the company's strategic location in Punjab, a major cotton textile hub, facilitates efficient raw material procurement and market access, further strengthening its operational stability.

##### **Improving scale of operations and profitability**

The company has demonstrated steady growth in its operating performance over the years. Total Operating Income (TOI) increased to Rs. 298.06 crore in FY2025 from Rs. 255.77 crore in FY2024, registering a growth of 16.54%, primarily driven by higher sales volumes along with improved realizations. The revenue profile remains largely driven by manufacturing activities, which contributed about 88.49% of the total operating income, while the remaining



## Press Release

11.51% was derived from trading of excess raw cotton. In absolute terms, EBITDA and PAT improved to Rs. 29.91 crore and Rs. 9.99 crore respectively in FY2025 from Rs. 26.43 crore and Rs. 6.70 crore respectively in FY2024 due to better operational efficiency. Furthermore, during 9MFY26 (April'25- December'25), the company reported TOI of Rs. 194.46 crore, with PAT of Rs. 11.30 crore.

### **Comfortable capital structure**

The capital structure of the company remained comfortable with overall gearing of 1.50x as on March 31, 2025 (1.78x as on March 31, 2024) and total indebtedness as marked by TOL/TNW of 1.61x as on March 31, 2025 (1.89x as on March 31, 2024). The tangible net worth stood comfortable at Rs. 110.57 crore as on March 31, 2025.

### **Key Rating Weaknesses**

#### **Working capital intensive operation**

The company operates in the cotton yarn industry, which is inherently working capital intensive due to the seasonal availability of raw cotton. As a result, companies are required to maintain higher inventory levels to ensure uninterrupted production throughout the year. The company's operating cycle remained elongated at 151 days in FY2025 as compared to 122 days in FY2024, primarily on account of high inventory holding requirements.

#### **Profitability susceptible to volatile raw material prices**

The company's profitability remains susceptible to fluctuations in raw material prices, particularly cotton, which constitutes the primary input for spinning mills. The prices of cotton and cotton yarn are influenced by several external factors such as area under cultivation, monsoon conditions, and global demand supply dynamics. Consequently, volatility in cotton prices can have a direct impact on the company's operating margins.

**Analytical Approach:** IVR has analysed the company's credit profile by considering the standalone financial statements of the company.



## Press Release

### 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 adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The Company generated net cash accruals of Rs.19.08 crore for FY2025 while its maturing debt obligations were Rs. 6.06 for the same period. Further, the company is expected to generate cash accruals in the range of Rs. 28.26 Crore - Rs. 43.57 crore during FY2026-FY2028 which are sufficient for future repayment obligations. The current ratio stood adequate at 1.65x as on March 31, 2025.

### About the Company

A B Cotspin India Limited, established in 1997, is engaged in production of cotton yarn, knitted fabric, and edible oil products. Located in Jaitu, Punjab, the company benefits from its strategic position in a prominent cotton-producing region, ensuring efficient raw material procurement and access to established markets.

The company is promoted by Chairman and Managing Director Deepak Garg, with over 20 years of industry experience, and Whole-Time Director Manohar Lal, with 40 years of expertise in the cotton sector.

### Financials (Standalone):

| For the year ended*/As on | (Rs. crore)    |                |
|---------------------------|----------------|----------------|
|                           | 31-03-2024     | 31-03-2025     |
|                           | <b>Audited</b> | <b>Audited</b> |
| Total Operating Income    | 255.77         | 298.06         |
| EBITDA                    | 26.43          | 29.91          |
| PAT                       | 6.70           | 9.99           |
| Total Debt                | 121.67         | 165.78         |
| Tangible Net worth        | 68.46          | 110.57         |
| EBITDA Margin (%)         | 10.34          | 10.03          |



## Press Release

| For the year ended*/As on   | 31-03-2024 | 31-03-2025 |
|-----------------------------|------------|------------|
| PAT Margin (%)              | 2.61       | 3.32       |
| Overall Gearing Ratio (x)   | 1.78       | 1.50       |
| Interest Coverage Ratio (x) | 2.83       | 2.88       |

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA: NIL**

**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 (Jan 30, 2026) | Date(s) & Rating(s) assigned (Aug 04, 2025) | Date(s) & Rating(s) assigned in 2024-25 (Jan 16, 2025) | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 |
| 1.     | Fund Based                    | Long Term                      | 147.51                         | IVR BBB/ Stable | IVR BBB/ Stable                             | IVR BBB/RWDI*                               | IVR BBB/ Stable                                        | -                                       | -                                       |
| 2.     | Fund Based                    | Short Term                     | 14.00                          | IVR A3+         | IVR A3+                                     | IVR A3+/RWDI*                               | IVR A3+                                                | -                                       | -                                       |

*\*Rating watch with Developing Implications.*

### Name and Contact Details of the Rating Analyst:

Name: Om Prakash Jain  
Tel: (011) 45579024  
Email: [opjain@infomerics.com](mailto:opjain@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) [Formerly Infomerics Valuation and Rating Private Limited] 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



## Press Release

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](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### 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-1      | -                | -                | April 2027    | 0.88                         | IVR BBB/Stable           |
| Term Loan-2      | -                | -                | November 2029 | 3.69                         | IVR BBB/Stable           |
| Term Loan-3      | -                | -                | July 2032     | 27.69                        | IVR BBB/Stable           |
| Term Loan-4      | -                | -                | May 2030      | 2.79                         | IVR BBB/Stable           |
| Term Loan-5      | -                | -                | August 2032   | 35.46                        | IVR BBB/Stable           |
| Cash Credit      | -                | -                | -             | 77.00                        | IVR BBB/Stable           |
| WHR              | -                | -                | -             | 14.00                        | IVR A3+                  |



## Press Release

**Annexure 2: Facility wise lender details:**

[https://infomericstorage.blob.core.windows.net/uploads/len\\_AB\\_Cotspin\\_mar26\\_c3085b0ebd.pdf](https://infomericstorage.blob.core.windows.net/uploads/len_AB_Cotspin_mar26_c3085b0ebd.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 [Complexity Level of Rated Instruments/Facilities](#).