

December 01, 2025

BALKRISHNA SPINTEX PRIVATE LIMITED: [ICRA]BB-(Stable)/[ICRA]A4; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long Term-Fund Based- Cash Credit	16.00	[ICRA]BB- (Stable); assigned
Short Term – Non Fund Based – Bank Guarantees	1.64	[ICRA]A4; assigned
Long-term- Fund-based- Term Loan	48.36	[ICRA]BB- (Stable); assigned
Total	66.00	

*Instrument details are provided in Annexure I

Rationale

The ratings assigned to Balkrishna Spintex Private Limited (BSPL) favourably factor in the extensive experience of the promoters in the cotton spinning industry and the company's established presence in the medium-count yarn segment, which enabled it to secure repeat orders from customers. The company reported a healthy improvement in its operating performance in FY2025, with revenues rising by around 12% on a YoY basis to around Rs. 239 crore and the operating profit margin (OPM) expanding by around 150 basis points to 5.6%. This improvement was primarily driven by better realisations and cost savings from the captive power generation from the 2.7-megawatt (MW) windmill and 3.25-MW solar power plant. The ratings also consider the company's cost-optimisation initiatives, including generating 40-45% of its power requirement through captive renewable sources (wind and solar), which support profitability. Further, BSPL is in the process of installing an additional 1 MW solar unit, expected to be commissioned within the next 2-3 months, which will enhance its total solar capacity to 4.25 MW and further strengthen its cost structure.

However, the ratings are constrained by the company's moderate scale of operations with around 27,000 spindles, modest capital structure, and weak debt coverage indicators, primarily owing to high term debt repayments and a low net worth base. Additionally, BSPL operates in an intensely competitive and commoditised spinning industry, where low product differentiation and fragmented industry structure translate into limited pricing flexibility. Consequently, its earnings remain exposed to fluctuations in cotton prices, which have constrained contribution levels in the past and have kept its profitability under check.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company would continue to register a steady revenue growth, backed by its promoters' extensive experience in the cotton industry and BSPL's established presence in the medium count yarn segment.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in cotton industry – BSPL is a closely held entity promoted by Mr. Arvind Kumar Raichura, Mr. Girish Kumar Raichura, Mr. Dipak Kumar Raichura, and Mr. Mitesh Kumar Kotecha. The promoters have extensive experience of over four decades in the cotton industry and also own another entity engaged in cotton ginning, which is managed by the same management team. The company's sales profile is supported by its established relationships with long-standing customers, leveraging the promoters' strong industry presence and track record built over the last 40 years.

Margins supported by partial captive power generation – BSPL’s OPM is supported by its recently commissioned renewable energy assets in FY2024, comprising a 2.7-MW windmill and a 3.5-MW solar power plant, which together meet 40-45% of its power requirements through captive sources. This significantly reduces energy costs and supports profitability. Further, the company is in the process of installing an additional 1 MW solar unit, expected to be commissioned within the next 2-3 months, which will enhance its total solar capacity to 4.25 MW and further strengthen its cost structure.

Credit challenges

Moderate scale of operations – BSPL has a moderate scale of operations, with an installed capacity of around 27,000 spindles with healthy capacity utilisation over the last two years. Consequently, its future revenue growth is expected to remain contingent on improvement in realisations or an expansion in capacity. However, the company currently has no plans to undertake capacity enhancement in the near-to-medium term, which is likely to constrain its operational scale, going forward.

Modest capital structure and weak debt coverage indicators – BSPL has a modest capital structure, with a gearing of around 2.6 times as on March 31, 2025, owing to sizeable debt-funded capex and low tangible net worth base. The company’s debt coverage indicators remain weak, as reflected in an interest coverage ratio of 2.0 times and DSCR of 0.9 times in FY2025, primarily due to its high term debt and moderate profitability. While the presence of captive renewable power assets supports the operating margins, the overall financial flexibility remains constrained, making improvement in leverage and coverage metrics contingent on sustained earnings growth and controlled debt levels.

Susceptibility of profitability to volatility in cotton prices – BSPL’s profitability remains exposed to volatility in cotton prices, which is the key raw material for its operations. Cotton prices are inherently cyclical and influenced by factors such as domestic crop output, international demand-supply dynamics, Government policies on minimum support prices (MSP), and climatic conditions. Any sharp fluctuation in cotton prices, without a corresponding change in yarn realisations, can compress margins.

Presence in highly fragmented and competitive industry – BSPL operates in a highly fragmented and competitive spinning industry, characterised by the presence of numerous small and medium players, both in organised and unorganised segments. This limits pricing flexibility and exerts pressure on profit margins. Moreover, the commoditised nature of the product intensifies competition, making customer retention and advantages of scale critical for long-term sustainability.

Liquidity position: Stretched

BSPL’s liquidity is stretched, as evident from around 89% average utilisation of fund-based limits during the 13-month period ending in September 2025, low profitability and limited free cash. The company has high annual repayment obligation of around Rs. 10.1 crore and Rs. 10.2 crore in FY2026 and FY2027, respectively. The expected cash flows and need-based support, in the form of unsecured loans from the promoters, would be critical in meeting any cash flow mismatch and debt repayment obligations.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a sustained growth in revenue and earnings, leading to an improvement in debt protection metrics and liquidity.

Negative factors – The ratings could witness a downward revision if there is a substantial decline in revenue and earnings, resulting in further weakening of debt protection metrics on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Spinning
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Incorporated in September 2013, Balkrishna Spintex Private Limited (BSPL) is a Rajkot (Gujarat)-based company promoted by Mr. Arvindkumar Raichura, Mr. Girishkumar Raichura, Mr. Dipakkumar Raichura, and Mr. Miteshkumar Kotecha. The company manufactures cotton yarn (20s and 30s count) from its facility at Sanosara, Gujarat. As on March 31, 2025, BSPL had an installed capacity of 27,000 spindles, translating into 12,000 metric tonne per annum (MTPA). In addition to its spinning operations, BSPL operates captive renewable energy assets comprising a 2.7-MW windmill and a 3.25-MW solar power plant. The company is also undertaking a capex to install an additional 1-MW solar unit, which will increase its total solar capacity to 4.25 MW, further supporting its cost structure.

Key financial indicators (audited)

BSPL (Standalone)	FY2024	FY2025
Operating income	214.7	239.7
PAT	-6.8	-3.8
OPBDIT/OI	4.1%	5.6%
PAT/OI	-3.2%	-1.6%
Total outside liabilities/Tangible net worth (times)	2.8	2.8
Total debt/OPBDIT (times)	8.8	5.5
Interest coverage (times)	1.5	2.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (FY2026)					Chronology of rating history for the past 3 years					
					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long-Term	16.00	Dec 01, 2025	[ICRA]BB-(Stable)	-	-	-	-	-	-
Bank Guarantees	Short-Term	1.64	Dec 01, 2025	[ICRA]A4	-	-	-	-	-	-
Term Loan	Long-Term	48.36	Dec 01, 2025	[ICRA]BB-(Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term-Fund Based- Cash Credit	Simple
Short Term – Non Fund Based – Bank Guarantees	Very Simple
Long-term- Fund-based- Term Loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long Term-Fund Based- Cash Credit	NA	NA	NA	16.00	[ICRA]BB- (Stable)
NA	Short Term – Non Fund Based – Bank Guarantees	NA	NA	NA	1.64	[ICRA]A4
NA	Long-term- Fund-based- Term Loan	July 2023	9%-11%	FY2032	48.36	[ICRA]BB- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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