

**Press Release**  
**TANDHAN COTTON MILLS PRIVATE LIMITED**  
**January 20, 2026**  
**Rating Upgraded**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	153.00	ACUITE BB   Stable   Upgraded	-
Bank Loan Ratings	4.00	-	ACUITE A4+   Upgraded
Total Outstanding Quantum (Rs. Cr)	157.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating to '**ACUITE BB**' (**read as ACUITE double B**) from '**ACUITE B+**' (**read as ACUITE B plus**) and the short-term rating to '**ACUITE A4+**' (**read as ACUITE A four plus**) from '**ACUITE A4**' (**read as ACUITE A four**) on Rs. 157.00 crore bank loan facilities of Tandhan Cotton Mills Private Limited (TCMPL). The outlook is '**Stable**'.

**Rationale for upgrade**

The rating upgrade reflects the stabilization of operations and the completion of TCMPL's first full year of activity. Revenue is expected to further improve following the completion of additional capex for the installation of 40 new looms, which has enhanced the company's overall production capacity. The rating also draws comfort from the maintenance of debt service reserve account (DSRA) equivalent to two instalments and interest. However, the rating remains constrained by TCMPL's weak financial risk profile. Going forward, the company's ability to generate positive net cash accruals and strengthen its financial risk profile will be a key monitorable

**About the Company**

Incorporated in 2016, Tandhan Cotton Mills Private Limited (TCMPL) is a Howrah based company engaged in manufacturing of denim fabric. The company is promoted by Mr. Kishan Lal Modi and Mr. Anuj Jalan. The company has achieved Commercial Operations Date (COD) on February 01, 2024. Currently, the company has 140 looms at its manufacturing facility. The denim fabric is sold in the domestic market as well as through exports, with Bangladesh being its major market.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone business and financial risk profile of Tandhan Cotton Mills Private Limited (TCMPL).

## Key Rating Drivers

## Strengths

### Extensive promoter's experience

TCMPL was incorporated in 2016 to manufacture and supply denim fabrics for the domestic and the export markets. The promoters have been in the business of trading of ready-made garments, manufacturing of HDPE (High-Density Polyethylene) Tarapaulin, hospitality and trading through their group companies over the last two decades, which helped them build longstanding relationships with its customers and suppliers. The promoters have also been supporting the business by infusing funds regularly to meet the shortfall in working capital funds and debt servicing. The promoters have infused ~ Rs. 56.42 Cr. in FY2025 in the company. Acuité believes the promoters will continue to support TCMPL through their experience and fund infusion over the medium term.

### Modest but growing scale of business albeit limited operational track record

TCMPL achieved COD from February 2024 onwards. FY2025 marked the first full year operations of the company, where the company generated a revenue of Rs. 115.62 Cr. with an EBITDA margin of 12.21 percent. However, the PAT stood negative at Rs. (17.86) Cr. on account of high finance costs and depreciation. TCMPL has generated a revenue of Rs. ~137 Cr. for 9M FY2026. The scale of operations is expected to grow further on account of capacity addition and stabilization of operations. Going forward, the consistent improvement in revenues with the generation of positive net cash accruals will be a key rating monitorable.

## Weaknesses

### Weak financial risk profile

The financial risk profile of TCMPL is marked by moderate net worth and weak debt protection metrics. The tangible net worth stood increased to Rs. 131.09 Cr. as on March 31, 2025 as against Rs. 100.07 Cr. in March 31, 2024 on account of infusion of funds by the promoters. The gearing (debt-to-equity ratio) stood moderate at 1.13 times on March 31, 2025. However, the Debt-EBITDA levels continue to remain high at 10.14 times in FY2025 due to high debt levels and nascent stage of operations of TCMPL. Further, the debt protection metrics stood low with interest coverage ratio (ICR) at 0.71 times and debt service coverage ratio (DSCR) at 0.60 times in FY2025. The overall financial risk profile is expected to improve over the medium term on account of augmentation of capacities and absence of debt funded capex plans.

### Working capital intensive operations

The operations of TCMPL are working capital intensive as evident from the high gross current assets (GCA) of 408 days on March 31, 2025. The higher GCA days are driven by inventory levels of 253 days and debtor levels of 125 days on March 31, 2025. Further, the creditor days stood at 261 days in FY2025. This had led to higher reliance on working capital which stood utilized at 98.87 percent for the last seven months ended October 2025. FY2025 represented the company's first full year of operations, during which the working capital cycle began, and is expected to stabilize over the medium term.

### Highly competitive and fragmented industry

TCMPL operates in a highly competitive and fragmented denim fabric industry amongst several organized and unorganized players. The company also faces stiff competition from several international players in the industry. This limits the bargaining power of the company. However, extensive experience of the promoters helps the company in mitigating the risk to a larger extent.

### Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

TCMPL maintains a debt service reserve account (DSRA) equivalent to two instalment of principal and interest

## Stress case Scenario

Acuité believes that, given the presence of DSRA, TCMPL will be able to service its debt on time, even in a stress scenario.

### **Rating Sensitivities**

- Improvement in scale of operations and generation of positive cash accruals.
- Significant increase in debt levels leading to deterioration in the financial risk profile
- Further elongation in the working capital cycle leading to stress on liquidity.

### **Liquidity Position**

#### **Stretched**

The company's liquidity position is stretched marked by negative net cash accruals (NCA) of Rs.(6.02) Cr. in FY2025 as against maturing debt repayment obligations of Rs. 3.60 Cr. for the same period. Therefore, the debt obligations are being managed through the infusion of funds by promoters. TCMPL is expected to generate NCAs in the range of Rs. 5 - 15 Cr. for FY2026 and FY2027 as against the debt obligation of Rs. 9 - 11 Cr, wherein continuous support of the promoters is required. Further, the average bank limit utilisation for the fund-based limits stood 98.87 percent for the last seven months ended October 2025. The current ratio stood low at 1.30 times as on March 31, 2025 and the company had cash and bank balances at Rs. 0.08 Cr. as on March 31, 2025. However, the company has maintained DSRA equivalent to two instalments and interest, which provides a cushion to some extent.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	115.62	4.89
PAT	Rs. Cr.	(17.86)	(8.24)
PAT Margin	(%)	(15.45)	(168.50)
Total Debt/Tangible Net Worth	Times	1.13	1.30
PBDIT/Interest	Times	0.71	(1.17)

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Nov 2025	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Proposed Short Term Bank Facility	Short Term	0.60	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Proposed Short Term Bank Facility	Short Term	0.40	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	25.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-   Stable)
	Cash Credit	Long Term	5.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-   Stable)
	Term Loan	Long Term	35.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-   Stable)
	Cash Credit	Long Term	8.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-   Stable)
	Term Loan	Long Term	23.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-   Stable)
	Cash Credit	Long Term	2.50	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-   Stable)
	Term Loan	Long Term	37.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-   Stable)
	Cash Credit	Long Term	7.50	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-   Stable)
07 Aug 2024	Proposed Long Term Loan	Long Term	0.50	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-   Stable)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A4 (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	0.60	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A4 (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	0.40	ACUITE A4 (Reaffirmed)
	Term Loan	Long Term	23.00	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Cash Credit	Long Term	2.50	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Term Loan	Long Term	37.00	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Cash Credit	Long Term	7.50	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Term Loan	Long Term	35.00	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
		Long		ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)

	Cash Credit	Term	8.00	Stable)
	Proposed Long Term Loan	Long Term	0.50	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Term Loan	Long Term	25.00	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
	Cash Credit	Long Term	5.00	ACUITE BB-   Stable (Upgraded from ACUITE B+   Stable)
10 May 2023	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4 (Assigned)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A4 (Assigned)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A4 (Assigned)
	Proposed Short Term Bank Facility	Short Term	0.60	ACUITE A4 (Assigned)
	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A4 (Assigned)
	Proposed Short Term Bank Facility	Short Term	0.40	ACUITE A4 (Assigned)
	Term Loan	Long Term	23.00	ACUITE B+   Stable (Assigned)
	Cash Credit	Long Term	2.50	ACUITE B+   Stable (Assigned)
	Term Loan	Long Term	37.00	ACUITE B+   Stable (Assigned)
	Cash Credit	Long Term	7.50	ACUITE B+   Stable (Assigned)
	Term Loan	Long Term	35.00	ACUITE B+   Stable (Assigned)
	Cash Credit	Long Term	8.00	ACUITE B+   Stable (Assigned)
	Proposed Long Term Loan	Long Term	0.50	ACUITE B+   Stable (Assigned)
	Term Loan	Long Term	25.00	ACUITE B+   Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE B+   Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE A4+   Upgraded ( from ACUITE A4 )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
UCO BANK	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.50	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.10	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
UCO BANK	Not avl. / Not appl.	Term Loan	08 Feb 2023	Not avl. / Not appl.	30 Sep 2032	21.48	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
State Bank of India	Not avl. / Not appl.	Term Loan	28 Aug 2022	Not avl. / Not appl.	30 Sep 2032	32.62	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
Union Bank of India	Not avl. / Not appl.	Term Loan	26 Aug 2022	Not avl. / Not appl.	30 Sep 2032	34.50	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
H D F C Bank Limited	Not avl. / Not appl.	Term Loan	01 Oct 2024	Not avl. / Not appl.	30 Sep 2032	23.30	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )

## Contacts

<p>Mohit Jain Chief Analytical Officer-Rating Operations</p> <p>Kruti Patel Associate Analyst-Rating Operations</p>	<p><b>Contact details exclusively for investors and lenders</b></p> <p>Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a></p>
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