

Ginni Filaments Limited

December 06,2023

Update

CARE Ratings Limited (CARE Ratings) have taken cognizance of decision taken by board of directors of company vide board meeting dated December 01,2023, approving transfer of spinning, knitting, and processing undertaking of the company on a slump sale basis as a going concern to RSWM Limited for agreed consideration of Rs 160 crores which is expected to be completed in 90 days from the date of agreement. The spinning, knitting, and processing undertaking of company comprise of 65.97% of the total revenue from operations during FY23 (Audited, refers to the period of April 01 to March 31). The reason for slump sale was that the said division was sustaining losses from June 2022 quarter onwards due to overall slowdown in the industry which is not likely to improve substantially in near future as machines has become old and requires huge investment. CARE Ratings would be continuously monitoring the developments in the said event along with the other factors driving the credit assessment of the company's rated bank facilities.

CARE Ratings continues to rate the company's bank facilities at "CARE BBB-; Negative/CARE A3".

The ratings assigned to the bank facilities of Ginni Filaments Limited (GFL) continues to draw strength from the experienced and resourceful promoters with long track record of operations, integrated operations, and diversified product mix along with established relationship with clients and distribution network and moderate capital structure.

The rating strengths are, however, partially offset by volatility in the raw material prices, susceptibility to foreign exchange rate fluctuations and intense competition in the industry. Further, ratings strengths are also constrained by q-o-q declining financial risk profile leading to continuous cash losses from Q1FY23 onwards owing to mismatch in cotton and yarn prices followed by lower demand of yarn in overseas as well as domestic markets.

SN	Entity Name	Link to press release
1	Ginni Filaments Limited	Click Here

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

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