

Golden Spinning Mills Private Limited

December 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	8.41	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

Golden Spinning Mills Private Limited (GSMPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on Golden Spinning Mills Private Limited's bank facilities will now be denoted as **CARE B; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in ratings assigned to Golden Spinning Mills Private Limited factors in the decline in operating income and profitability with net losses during FY24 (refers to the period of April 01 to March 31). The rating continues to be constrained by small scale of operations, weak capital structure, weak debt coverage indicators, presence in highly fragmented industry and exposure to volatility in raw material prices. The rating however derives strength from experienced promoters with long track record of operations and established relationship with customer

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on December 01, 2023, the following were the rating strengths and weaknesses (updated for the information provided by the company).

Key weaknesses

Decline in scale of operations and profitability

GSMPL is a relatively small player in the segment with installed capacity of 21760 spindles as on June 30, 2024. The scale of operations declined with total operating income of Rs.20.21 crore in FY24 by 37% against Rs.31.96 crore in FY23. The decrease in operating income is majorly due to the reduced yarn demand in domestic market. The company incurred operating loss of Rs.3.19 crore in FY24 against Rs.0.61 crore of operating loss in FY23 owing to volatile raw material prices.

Weak capital structure and debt coverage indicators

The capital structure remained weak with low overall gearing and negative net-worth base. The debt protection metrics also stood weak with cash losses booked in FY24.

Susceptibility of profits to volatile raw material price fluctuation and seasonality associated with availability of cotton

The profitability of spinning mills depends largely on the prices of cotton and cotton yarn which are governed by various factors such as area under cultivation, monsoon, international demand-supply situation, etc. Cotton being the major raw material of spinning mills, movement in cotton prices without parallel movement in yarn prices impact the profitability of the spinning mills. The cotton textile industry is inherently prone to the volatility in cotton and yarn prices.

Key strengths

Experienced promoters with long track record of operations and established relationship with customers

GSMPL was promoted by Mr. P. Sundaram, Managing Director, who is a graduate with experience in textile industry for nearly five decade and Mr. P. Gunasekaran, Director who has an experience in textile industry for more than four decades. The vast experience of the promoters in a similar industry is likely to maintain a long-term relationship with customers and suppliers and

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

also benefits the company in receipt of orders from new customers along existing clientele. GSMPL's has established and strong relationship with various clients for more than two decades.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Golden Spinning Mills Private Limited (GSMPL) was established in 1981 by Mr. P.Thangalvelu, Mr. P. Sundaram and Mr. P. Gunasekaran in Salem, Tamil Nadu. The company is engaged in manufacturing of cotton yarn at its unit located at Salem, Tamil Nadu with an installed capacity of 21,760 spindles. GSMPL supplies 90% of its products in the states of Tamil Nadu and remaining to Telangana, Andhra Pradesh, Maharashtra and Karnataka through agents.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	October 31, 2024 (UA)
Total operating income	31.96	20.21	12.97
PBILDT	-0.61	-3.91	NA
PAT	-2.74	-5.12	NA
Overall gearing (times)	6.93	-5.15	NA
Interest coverage (times)	-0.38	-2.06	NA

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has conducted reviewed on the basis of best available information and has classified the rating of Limited GSMPL as 'issuer not cooperating' category based on best available information vide its press release dated December 09, 2024. The reason provided by CRISIL Ratings is non-furnishing of information for monitoring of rating

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	7.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	November 2026	1.41	CARE B; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	1.41	CARE B; Stable; ISSUER NOT COOPERATING *	-	1)CARE B+; Stable (01-Dec-23)	1)CARE BB-; Stable (29-Nov-22)	1)CARE B+; Stable (08-Feb-22) 2)CARE B+; Stable (01-Apr-21)
2	Fund-based - LT-Cash Credit	LT	7.00	CARE B; Stable; ISSUER NOT COOPERATING *	-	1)CARE B+; Stable (01-Dec-23)	1)CARE BB-; Stable (29-Nov-22)	1)CARE B+; Stable (08-Feb-22) 2)CARE B+; Stable (01-Apr-21)
3	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	-	-	1)Withdrawn (01-Apr-21)

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term.

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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