Mohan Spintex India Limited (Revised)

April 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable; ISSUER NOT COOPERATING* and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4+; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd (CARE). has reaffirmed and withdrawn the outstanding ratings of 'CARE BB+; Stable/ CARE A4+ ISSUER NOT COOPERATING' assigned to the bank facilities of Mohan Spintex India Limited (MSIL) with immediate effect. The above action has been taken at the request of Mohan Spintex India Limited and 'No Objection Certificate' received from the State Bank of India, Union Bank Of India, Indian Overseas Bank, Indian Bank and Punjab National Bank that have extended the facilities rated by CARE Ratings Ltd.

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of key rating drivers

Key weaknesses

Leveraged capital structure

The overall gearing of the company remains at 1.30 times as on March 31st, 2024. Total debt to GCA of the company though improved, stood moderate at 7.01 times during FY24 (11.32 times during FY23) on account of significant jump in the GCA levels during FY24. PBILDT interest coverage ratio stood moderate at 2.22x during FY24 (1.30 times during FY23).

Inherent volatility associated with raw material prices and its impact on profitability

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. The 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.

Intense competition prevalent in the cotton industry

MSIL is exposed to intense competition prevalent in the highly fragmented cotton industry and faces stiff competition from both organised and unorganised players. Organized sector consisting of large-scale spinning units and composite mills is responsible for nearly 75% of installed capacity of the yarn production and unorganized sector consisting of small-scale spinning units account for rest of the capacity. This leads to highly fragmented industry structure having a high level of competition and intense pricing pressures resulting in lower margins.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications

Key strengths

Experienced promoters with established track record
Mohan Spintex India Limited was promoted by Mr. V. Mohan Rao, who has four decades of experience. Mr. V. Sudhakar Chowdary, son of Mr. V. Mohan Rao is the Managing Director of the MSIL. He looks after the operations of MSIL. The company also derives strength from other directors who have vast experience in textile industry.

Favourable location with semi-integrated nature of operations
The company facilities are located in Krishna District of Andhra Pradesh. MSIL is the only manufacturing company in the group and all the units (Unit-I, Unit-II and Unit-III) of MSIL, are close to Guntur, one of the major cotton growing areas in Andhra Pradesh. Furthermore, the plant is also in close proximity to Khammam & Warangal, prominent cotton growing belts in Telangana region providing easy off take. MSIL procures cotton from Guntur, Adilabad, Warangal, Maharashtra, etc. The company has an in-house spinning division which provides certain level of backward integration to its operations as ~40% of yarn and 70% of greige fabric currently being produced is used towards captive consumption. The in-house division has helped the company to maintain continuous supply of quality yarn to its weaving facilities

Diversified geographical presence with hedged forex exposure
MSIL has diversified geographical presence with products being exported to the markets of China, USA, Isreal, Australia, France etc. The export income contributed around 17.90% in FY22 (PY: 20.85%) to the total sales. MSIL enjoys a well established network of own sales office, agents and distributors in domestic market attributable to group's long standing presence in textile business. MSIL mitigates its forex fluctuations by entering into forward contracts. The wholly owned subsidiary Mohan International Inc., U.S.A was formed to act as a branch of MSIL and it operates as a marketing office for the export orders from the USA.

Declined financial performance during FY24
The total operating income of the company has declined to Rs 905.3 crore in FY24 from Rs.1073.65 crore in FY23. The PBILDT margins of the company improved to 17.81% in FY24 (PY:8.40%). With the increase in PBILDT, the PAT margin also improved and stood satisfactory at 4.52% in FY24 compared to 1.13% in FY23.

Liquidity: Adequate
Adequate liquidity is supported by just above unity current ratio of 1.04x and positive cash flow from operations at Rs 121.89 crore as on March 31, 2024.

Assumptions/Covenants- Not Applicable

Environment, social, and governance (ESG) risks - Nil

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Policy in respect of non-cooperation by issuers
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Cotton Textile
Short Term Instruments

About the company and industry

Industry classification

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

Mohan Spintex India Limited (MSIL) was incorporated as public limited company in May 2005 and is engaged in the business of cotton spinning & weaving. MSIL has its manufacturing unit located in Vattigudipadu village of Krishna District in Andhra Pradesh.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	1073.07	1073.65	905.30
PBILDT	198.62	90.19	161.28
PAT	45.30	12.17	40.93
Overall gearing (times)	1.43	1.31	1.30
Interest coverage (times)	2.44	1.30	2.22

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

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		-	-	-	0.00	Withdrawn
Fund-based - LT-PC/Bill Discounting		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	30/06/2030	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	0.00	Withdrawn
Non-fund-based - ST-		-	-	-	0.00	Withdrawn

Forward Contract						

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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (09-Apr-25)	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (20-Mar-24)	1)CARE BBB-; Stable (16-Feb-23)
2	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (09-Apr-25)	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (20-Mar-24)	1)CARE BBB-; Stable (16-Feb-23)
3	Non-fund-based - ST-BG/LC	ST	-	-	1)CARE A4+; ISSUER NOT COOPERATING* (09-Apr-25)	-	1)CARE A4+; ISSUER NOT COOPERATING* (20-Mar-24)	1)CARE A3 (16-Feb-23)
4	Non-fund-based - ST-BG/LC	ST	-	-	1)CARE A4+; ISSUER NOT COOPERATING* (09-Apr-25)	-	1)CARE A4+; ISSUER NOT COOPERATING* (20-Mar-24)	1)CARE A3 (16-Feb-23)
5	Non-fund-based - ST-Forward Contract	ST	-	-	1)CARE A4+; ISSUER NOT COOPERATING* (09-Apr-25)	-	1)CARE A4+; ISSUER NOT COOPERATING* (20-Mar-24)	1)CARE A3 (16-Feb-23)
6	Fund-based - LT-PC/Bill Discounting	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (09-Apr-25)	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (20-Mar-24)	1)CARE BBB-; Stable (16-Feb-23)

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term; LT/ST: Long term/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-PC/Bill Discounting	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based - ST-BG/LC	Simple
5	Non-fund-based - ST-Forward Contract	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.

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About us:
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