Globe Cotyarn Private Limited

June 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	56.00	CARE BBB; Stable / CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Globe Cotyarn Private Limited (GCPL) derive strength from established track record with extensive experience of promoters in the industry, moderate and improvement in profitability margins with comfortable capital structure and debt coverage indicators.

Rating strengths are tempered by its modest scale of operations, working capital intensive operations, geographical concentration with foreign exchange fluctuations risk, and highly competitive and fragmented nature of the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations exceeding ₹250 crore with sustenance of profit before interest, lease, depreciation and taxes (PBILDT) margins above 6% on a sustained basis.
- Improvement in debt coverage indicators with total debt to gross cash accruals (GCA) reach below 3x with sustenance of cash and liquid investments (including lien marked fixed deposits) remain above FY25 level on a sustainable basis.

Negative factors

- Significant decrease in the scale of operations or PBILDT margin on a sustained basis.
- Deterioration in the overall gearing exceeding 0.75x or total debt / PBILDT exceeding 3.5x on a sustained basis.
- Deterioration in operating cycle exceeding 100 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects expectation of CARE Ratings Limited (CARE Ratings) that the company continues to benefit from its experienced management, growing its scale of operations by maintaining its working capital cycle, sustaining its healthy financial risk profile and liquidity position.

Detailed description of key rating drivers:

Key strengths

Established track record with extensive experience of promoters in the industry

GCPL started its operation since 2002 and is promoted by Ankit S. Jhunjhunwala. The promoter has over three decades of experience in textile industry. Over the years of existence in the industry, the company has established its market presence and have gained long-term relationship with its customers, suppliers and stakeholders. Further, long-standing experience of the promoter helped the company establish strong marketing connects across various export markets.

Moderate and improvement in profitability margins

The company’s PBILDT margin remained fluctuating in the range of 2.13% to 6.48% for past five years ended FY25 due to fluctuating scale of operations along with change in the product mix sold during the period. PBILDT margin improved to 6.48% in FY25 from 4.04% in FY24 due to decline in cost of materials consumed (51.12% in FY25 from 56.27% in FY24) led by the company’s emphasis on manufacturing higher quality made-ups leading to better realisation on y-o-y basis. In line with PBILDT margin, the profit after taxation (PAT) margin also stood fluctuating in the range of 0.95% to 4.31% over the over the same period. Nevertheless, the PAT margin also improved to 4.31% in FY25 from 2.31% in FY24. The company expects its profit margins to sustain in the near-to-medium term on the back of increase in the sales of higher margin products.

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

Comfortable capital structure and debt coverage indicators

The company's total debt consists of working capital borrowing and vehicle loans. Total debt increased from ₹25.60 crore as on March 31, 2024, to ₹39.76 crore on March 31, 2025, due to higher utilisation of working capital limits (including bill discounting) on balance sheet date. Nevertheless, the capital structure remains comfortable marked by overall gearing of 0.37x as on March 31, 2025, against 0.31x as on March 31, 2024. Total outside liabilities to tangible net worth (TOL/TNW) also stood comfortable at 0.42x as on March 31, 2025, against 0.52x as on March 31, 2024, due to lower creditors maintained by the company. The capital structure is expected to remain comfortable in the near-to-medium term due to no major debt funded capex planned in the near-to-medium term.

Debt coverage indicators also remained comfortable marked by interest coverage, which improved from 4.53x in FY249.73x in FY25 on account of increase in absolute PBILDT and minor decline in interest expense during the year. Further, total debt to PBILDT also stood comfortable at 2.56x in FY25 against 3.64x in FY24. This improvement was led by absolute increase in the PBILDT level in the year.

Key weaknesses

Moderate scale of operations

GCPL's scale of operations remained moderate with total operating Income (TOI) remained volatile over the period of FY21 to FY25 due to global change in the demand supply scenario post COVID-19. In FY25, the TOI stood stagnant at ₹171.32 crore against ₹174.08 crore. This was driven by consistent demand from export markets and the company's shift to high value products in FY25, helping it achieve similar levels despite change in the product strategy. In FY23, TOI has significantly reduced to ₹101.21 crore from ₹189.49 crore in FY22 due to cascading effect of COVID-19 where the made-up industry demand reduced in FY23 due to higher surged demand in during the COVID-19 period to overcome hygiene issues. The company expects moderate growth in the revenue in the near-to-medium term due to stable demand across export markets. The company achieved revenue of ₹23 crore during 2MFY26. TNW remained moderate at ₹76.12 crore as on March 31, 2025, which increased from ₹68.74 crore as on March 31, 2024, due to moderate accretion of profits to reserve.

Working capital intensive nature of operations

The company's operations remained working capital intensive marked by higher working capital cycle stood at 84 days in FY25 (against 78 days in FY24) due to relatively higher collection period and moderate inventory period during the said periods. The inventory period remains moderate at 36 days in FY25 against 40 days in FY24, as the company maintains inventory on order basis and starts procurement of raw materials as and when orders are received, thus avoiding considerable stockpile of inventory. Average collection period stood at 52 days in FY25 against 44 days in FY24. The elongation in the same was due to slightly higher revenue generated at year end. Nevertheless, the majority of the debtors pertain to less than 90 days, assuring timely recovery of the debtors. On the other hand, the company avails limited credit from its suppliers and prefers to make cash payments to avail price discounts, hence, creditors period stood at five days in FY25 and in FY24.

Geographical concentration with foreign exchange fluctuation risk

GCPL is primarily an export-oriented unit with exports contributing over 99% of total sales in last five years, in which exports to the USA in the range of 60 to 70% of total sales followed by Australia with ~15-17% of exports, thereby exposing to geographical concentration risk. As per the management, same will continue to remain inclined towards US market due to higher demand and consumption of made ups. Further, with current reciprocal tariffs levied by the USA on India, the company's ability to generate the projected revenue with sustainable profit margins remains key monitorable. However, compared to the other textile manufacturing countries such as Vietnam and Bangladesh, where tariffs are expected to remain comparatively higher than India, which would likely to benefit Indian manufacturing players.

The company is also exposed to customer and supplier concentration risk as marked by top 10 customers contributed 85.22% in FY25 (against 83.85% in FY24) with topmost contributed 23.68% of total revenue. The supplier base also remained concentrated marked by top 10 suppliers contributed 98.50% of total purchases in FY25 (against 90.37% in FY24) with topmost contributed 48.77% in FY25. Nevertheless, as informed by the management, these purchases remained on selective basis to maintain quality of goods along with pricing benefits from these suppliers.

GCPL receives almost all its revenue from export sales. Despite exports to various countries, billing is done in USD. GCPL hedges ~50% of its foreign currency exposure through forward contracts, while rest is kept open. Further, the company does not get benefit in the absence of any imports. While it maintains the limits in foreign currency, which mitigates the risk to an extent. Nevertheless, the foreign exchange fluctuation risk remained persist, hence its profit margins remained exposed to foreign exchange fluctuations risk to an extent. The company incurred foreign exchange fluctuations loss of ₹0.87 crore in FY25 (against ₹0.20 crore in FY24).

Presence in highly fragmented industry facing competition from organized and unorganized segment

GCPL faces stiff competition from integrated and non-integrated players from both domestic and other low-cost producing countries. The industry is cluttered with large number of MSME players, who operate on thin margins hampering the industry. Textile is a cyclical industry and closely follows the macroeconomic business cycles. Prices of raw materials and finished goods are determined by global demand-supply scenario and are not limited to only domestic factors, thus are sensitive to any shift in macroeconomic environment globally.

Liquidity: Adequate

GCPL's liquidity position is adequate marked by satisfactory levels of expected GCA of against minimal debt repayment obligations of ₹0.24 crore in FY26 and ₹0.25 crore in FY27. Average of maximum utilisation of working capital limit stood moderate at 67.19% for 12 months ended, March 2025, which indicates adequate liquidity buffer. The free cash & equivalents (including investment in the mutual funds) stood at ₹24.66 crore as on March 31, 2025 (against ₹14.66 crore as on March 31, 2024), along with lien marked fixed deposits (FDs) stood at ₹20.48 crore as on March 31, 2025. Considering the same, net debt stood negative as on balance sheet date. The current ratio and quick ratio stood at 1.32x and 0.90x respectively as on March 31, 2025 (against 1.36x and 0.86x in FY24).

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

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
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

Incorporated in 2002, GCPL is a three-star export house which manufactures and exports of made-ups such as bed sheet sets, duvet cover and cotton blanket among others to the USA, Australia, New Zealand, Canada, Australia among others. The company procures grey fabrics which are sent for processing and embroidering, processed fabric is then cut and sewed at the factory according to stitching model required by customers. The company has its manufacturing (includes cutting and stitching) unit located at Bhiwandi, Thane in Maharashtra having capacity to produce over 5,000 bed sheets per day with 250 workers engaged in the factory premises.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)	May 31, 2025 (Prov.)
Total operating income	174.08	171.32	23.00
PBILDT	7.03	11.10	-
PAT	4.02	7.38	-
Overall gearing (times)	0.37	0.37	-
Interest coverage (times)	4.99	9.73	-

A: Audited, Prov.: Provisional; 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/ ST-Working Capital Limits		-	-	-	56.00	CARE BBB; Stable / CARE A3+

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/ ST-Working Capital Limits	LT/ST	56.00	CARE BBB; Stable / CARE A3+				

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/ ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view 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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Akhil Goyal Director **CARE Ratings Limited** Phone: 022-67543590 E-mail: akhil.goyal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Ashish Kambli Associate Director **CARE Ratings Limited** Phone: 022- 67543597 E-mail: Ashish.k@careedge.in Shresth Kapoor Rating Analyst **CARE Ratings Limited** E-mail: Shresth.kapoor@careedge.in

About us:
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