

Sri Lakshmi Ganesh Spinning Mills OE Division

August 26, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	57.57 (Enhanced from 36.50)	CARE BB; Stable	Reaffirmed
Short Term Bank Facilities	1.20	CARE A4	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Sri Lakshmi Ganesh Spinning Mills O.E. Division (SLGSM) continues to be constrained by moderate scale of operations, moderate capital structure, presence in highly competitive and fragmented industry, profitability margins exposed to volatility in raw material prices and partnership nature of constitution with risk of capital withdrawal. The ratings however continue to derive comfort from experienced promoters with long track record of operations of the group, satisfactory profitability margins with benefits from captive consumption of power.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent growth in scale of operations resulting in total operating income above Rs.150 crores with PBILDT margin above 10%
- Improvement in debt coverage metrics with Total debt/GCA below 3.5x on sustained basis

Negative factors

- Any stretch in collection of receivables leading to elongated working capital cycle above 120 days on sustained basis
- Any further large debt funded capex or withdrawal of partner capital leading to overall gearing above 3x on sustained basis

Analytical approach:

Standalone

Outlook: Stable

The stable outlook reflects that firm is expected to sustain its profitability with benefits derived from captive power consumption.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations

The scale of operations remained moderate, with total operating income of Rs.133.29 crore in FY25 (Prov) (refers to the period April 01 to March 31), albeit improved with y-o-y growth of 14% over FY24. The income for 4MFY26 (refers to the period April 01 to July 31) stood at Rs.43.55 crore.

Moderate capital structure and debt coverage indicators

The capital structure stood moderate with overall gearing moderated from 1.43x as on March 31, 2024 to 2.66x as on March 31, 2025 primarily due to the repayment of unsecured loans previously classified as quasi-equity. During FY26, the firm plans to incur capex of Rs.24.19 crore towards addition of open ended rotors and carding machines, funded by term loans of Rs.21.33 crore and rest by accruals. SLGSM also plans to avail reimbursement term loan of Rs.6.75 crore in FY26 towards the captive solar installed in the previous year. The capital structure is expected to remain moderate in the near term on account of the above mentioned loans. Debt coverage indicators also remained moderate, with total debt to gross cash accruals (TD/GCA) at 3.18x as of March 31, 2025 (PY: 3.93x).

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

Presence in highly competitive and fragmented industry

The company operates in a highly competitive and fragmented market which consists of small and large sized players. Moreover, low entry barriers in the industry further intensifies the already prevailing competition in the market. This competitive and fragmented nature of the industry can have an impact on the profit margin of the company and may lead to adopt liberal credit policies in the market.

Profitability margins exposed to volatility in raw material prices

The profitability margins of recycled yarn fiber manufacturers remain vulnerable to the high volatility in raw material prices, primarily due to fluctuating availability and cost of post-consumer textile waste and industrial discards. Since these materials form the backbone of production, any disruption in supply chain dynamics or market demand can significantly impact input costs.

Partnership nature of the firm with inherent risk of capital withdrawal

The partnership nature of the firm has inherent risk of withdrawal of capital by the partners at the time of their personal contingencies resulting in reduction of capital base leading to adverse effect on capital structure.

Key Strengths

Experienced promoters and long track record of operations

SLGSM was established in 2007 by Mr. Tamilselvan, as an open-ended spinning unit. Later, Mr. K.C. Chandrasekaran and Mrs. Suganthi joined the firm in 2009 and 2011 respectively by taking entire share in the firm. Mr. K.C. Chandrasekaran is the Managing partner of the firm. He is also the Managing Director of Sudhan Group with more than 4 decades of experience in the textile industry. The flagship firm of the group is 'Sudhan Yarns', yarn trading company catering into all types of yarns and fabrics count ranging from 2s to 120s.

Satisfactory profitability margins with benefits from captive power

As of March 31, 2025, the firm operates captive solar and wind power facilities with a combined capacity of 9.50 MW, catering to approximately 90–95% of its overall power requirements. The firm had added significant capacities of captive power in the past two years which enabled to sustain profitability despite the volatility in raw material prices. The PBILDT margin of the firm has improved from 10.88% in FY24 to 11.26% in FY25 with power cost savings and improved capacity utilization.

Liquidity: Stretched

The liquidity of the firm is stretched marked by tightly matched accruals against term debt obligations. The company has free cash and bank balance of Rs.0.01 crore as on March 31, 2025. SLGSM has been sanctioned with working capital limits of Rs.12.5 crores (enhanced from Rs.10 crore since July 2025). The average utilisation of working capital limits stood at around 93% for last twelve months ended June 2025.

Assumptions/Covenants

Not Applicable

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](#)

About the company and industry

Industry classification

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

Sri Lakshmi Ganesh Spinning Mills O.E. division (SLGSM), based out of Erode, Tamil Nadu, manufactures and sells OE yarn of various counts using both cotton and polyester fibers. SLGSM belongs to 'Sudhan group' which has various entities involved in manufacturing of products such as Recycled fibers, OE yarn, Ring spun yarn, Greige fabric & Knitted fabric. The other entities of

the group include Lotus Agency (involved in yarn trading), C P Cotton, Green Fine Textile (weaving of fabrics). SLGSM is currently managed by Mr. K.C. Chandrasekaran.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	4MFY26 (UA)
Total operating income	117.03	133.29	43.55
PBILDT	12.74	15.01	NA
PAT	0.58	2.69	NA
Overall gearing (times)	1.43	2.66	NA
Interest coverage (times)	3.46	5.84	NA

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-Buyers Credit		-	-	-	15.88	CARE BB; Stable
Fund-based - LT-Cash Credit		-	-	-	12.50	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	April 2029	29.19	CARE BB; Stable
Non-fund-based - ST-Credit Exposure Limit		-	-	-	1.20	CARE A4

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	29.19	CARE BB; Stable	1)CARE BB; Stable (04-Aug-25)	1)CARE BB; Stable (21-Aug-24)	-	-
2	Fund-based - LT-Cash Credit	LT	12.50	CARE BB; Stable	1)CARE BB; Stable (04-Aug-25)	1)CARE BB; Stable (21-Aug-24)	-	-
3	Fund-based - LT-Buyers Credit	LT	15.88	CARE BB; Stable	1)CARE BB; Stable (04-Aug-25)	-	-	-
4	Non-fund-based - ST-Credit Exposure Limit	ST	1.20	CARE A4				

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-Buyers Credit	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based - ST-Credit Exposure Limit	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

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