

Press Release

Guntur Spinning Mills Private Limited

January 19, 2022



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	49.68	ACUITE BB+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	49.68	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long term rating to '**ACUITE BB+**' (read as **ACUITE double B 'Plus'**) from '**ACUITE BBB-**' (read as **ACUITE triple B 'Minus'**) on the Rs.49.68 Cr bank facilities of Guntur Spinning Mills Private Limited (GSMPL). This rating is an indicative rating and is based on the best available information.

About the Company

Guntur based, Guntur Spinning Mills Private Limited (GSMPL) was incorporated in the year 2005 by Mr. Venkata Satyanarayana Mamidipaka. The company is engaged into manufacturing of cotton yarn with the manufacturing capacity of 32,880 spindles with counts ranging from 30s – 60s. GSMPL has a windmill with an installed power generation capacity of 2 Mega Watt (MW) for captive consumption. The company is operating at 100 percent manufacturing capacity.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite has endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

"Adequate information not provided by the issuer / available for Acuite to comment upon."

Material Covenants

Not Applicable

Liquidity Position

"Adequate information not provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 21 (Provisional)	FY 20 (Actual)
Operating Income	Rs. Cr.	111.17	121.23
PAT	Rs. Cr.	3.85	4.33
PAT Margin	(%)	3.46	3.57
Total Debt/Tangible Net Worth	Times	1.14	1.50
PBDIT/Interest	Times	4.12	6.05

Status of non-cooperation with previous CRA

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
28 Oct 2020	Cash Credit	Long Term	16.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.60	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	7.69	ACUITE BBB- Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	0.21	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	19.18	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
28 Sep	Term Loan	Long Term	19.18	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	7.69	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	16.00	ACUITE BBB- Stable (Reaffirmed)

2020	Term Loan	Long Term	5.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.91	ACUITE BBB- Stable (Assigned)
	Proposed Bank Facility	Long Term	0.53	ACUITE BBB- (Withdrawn)
05 Jul 2019	Term Loan	Long Term	23.10	ACUITE BBB- Stable (Reaffirmed)
	Proposed Term Loan	Long Term	0.53	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	9.15	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	16.00	ACUITE BBB- Stable (Reaffirmed)
02 May 2018	Cash Credit	Long Term	16.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	28.12	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	0.54	ACUITE A3 (Withdrawn)
	Proposed Bank Facility	Long Term	4.66	ACUITE BBB- Stable (Assigned)
09 Feb 2017	Cash Credit	Long Term	16.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	32.10	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	0.54	ACUITE A3 (Assigned)
	Proposed Bank Facility	Short Term	0.14	ACUITE A3 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	16.00	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.21	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	19.18	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	7.69	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	5.00	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	1.60	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB-)

*The issuer did not co-operate; based on best available information.

Contacts

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About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 8,850 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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