

November 07, 2023

Gokak Textiles Limited: Rating Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short term – Unallocated Limits	50.00	50.00	[ICRA]A4; Withdrawn
Total	50.00	50.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the rating assigned to the bank facilities of **Gokak Textiles Limited** at the request of the company and in accordance with ICRA's policy on withdrawal. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key rating drivers, Liquidity position, Rating sensitivities, Key financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Textile Industry - Spinning Policy on withdrawal of Credit ratings
Parent/Group support	Parent/Group Company: SPCPL The rating assigned to GTL factors in the high likelihood of its parent, SPCPL, extending financial support to it because of close business linkages between them
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of GTL

About the company

GTL was incorporated in 2007, subsequent to a scheme of demerger of the textile arm of Forbes Gokak Limited (FGL) into a separate company. GTL has two units—a spinning mill at Gokak Falls (Karnataka) and a garment-manufacturing unit in Belgaum district of Karnataka. The spinning mill has a capacity of 69,792 spindles and other value-added yarns apart from small volumes of readymade items such as cotton canvas and terry towels. The Belgaum unit specialises in readymade knitted garments including combed polo and T-shirts for the export markets. In FY2012, the company hived off its power-generation business under a subsidiary named Gokak Power & Energy Limited (GPEL). While GTL holds a 51% stake in GPEL, the remaining 49% is held by Shapoorji Pallonji Infrastructure Capital Company Private Limited. The power generated by GPEL is primarily used by GTL for its spinning unit.

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				November 7, 2023	March 16, 2023	December 31, 2021	September 25, 2020
1 Unallocated	Short Term	50.0	--	[ICRA]A4; Withdrawn	[ICRA]A4	[ICRA]A4	[ICRA]A4
2 Fund based bank facilities	Long Term	-	--	-	-	-	[ICRA]B+ (Stable); Withdrawn

Complexity level of the rated instruments

Instrument	Complexity Indicator
Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Unallocated	NA	NA	NA	50.0	[ICRA]A4; Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Gokak Ownership	Consolidation Approach
Gokak Textiles Limited	100.00% (Rated Entity)	Full Consolidation
Gokak Power & Energy Limited	51.00%	Equity Method

Source: GTL Annual Report

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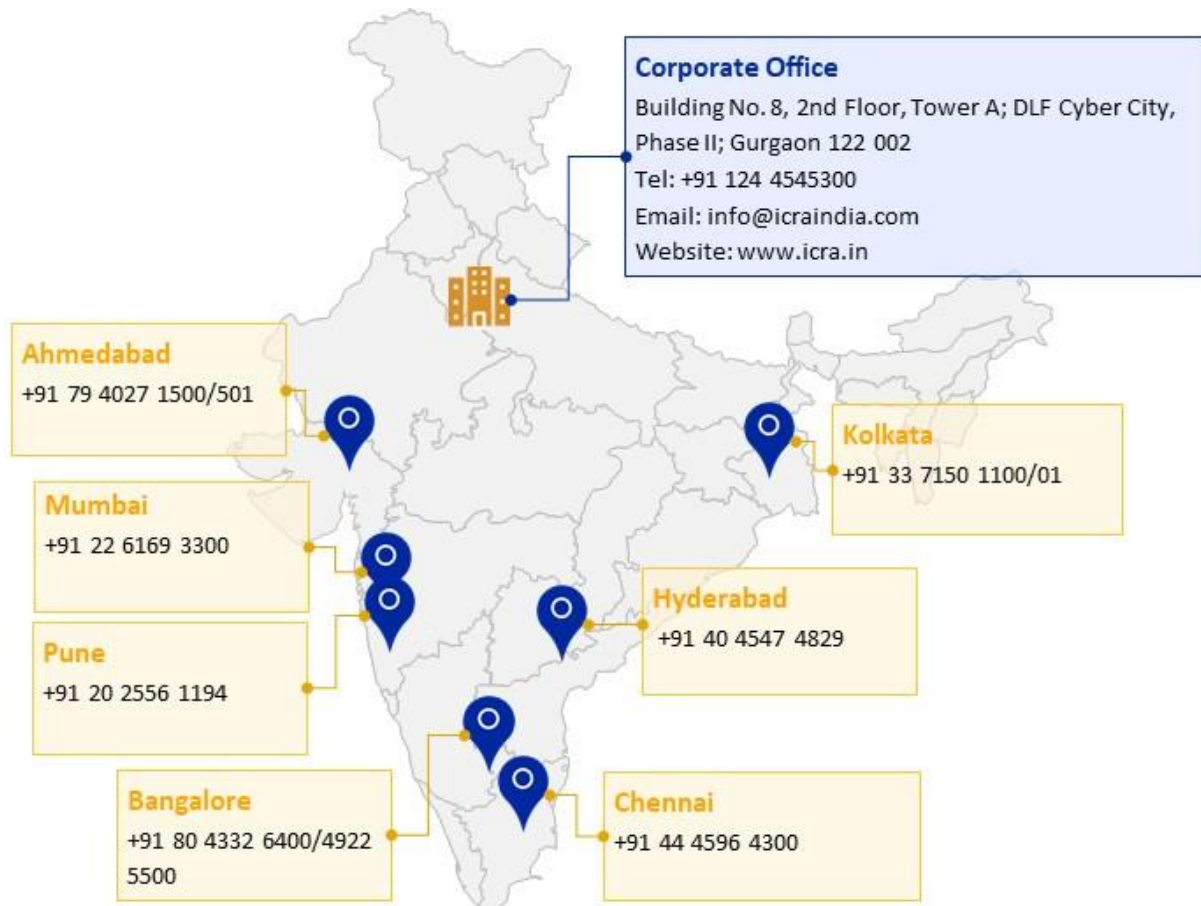
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