



Press Release

Gainup Technotek Limited

October 08, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	97.70	IVR BBB-/Stable (IVR triple B minus with Stable Outlook)	IVR BB+/positive (IVR double B Plus with Positive Outlook)	Upgraded	Simple
Short Term Bank Facilities	6.06	IVR A3 (IVR A three)	IVR A4+ (IVR A four Plus)	Upgraded	
Total	103.76	Rupees One Hundred three Crore and seventy six Lakhs Only			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded its rating assigned to the bank facilities for long term facilities to IVR BBB- with Stable outlook and IVR A3 for short term facilities of Gainup Technotek Limited (GTL).

The rating assigned to the bank facilities of Gainup Technotek Limited (GTL) continue to draws comfort from its experienced management and diversified product portfolio in the textile industry. However, these strengths are partially offset by exposure to volatility in prices of raw materials, GTL's early stage of operations, and its position within a highly fragmented industry.

The Stable outlook on the rating reflects the moderate growth and profitability margin along with experienced and resourceful promoters.

IVRPL has principally relied on the audited financial results of GTL's up to 31 March 2024, and projected financials for FY25, FY26 and FY27, along with publicly available information/clarifications provided by the Company's management.

Key Rating Sensitivities:



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Upward Factors

- Significant improvement in the operating income over Rs 200 crores and profitability resulting in the improvement of the financial risk profile and liquidity profile of the company.
- Effective working capital management with improvement in operating cycle and liquidity.

Downward Factors

- Dip in operating income and/or profitability further impacting the debt coverage indicators and/or deterioration in the financial risk profile.
- Any further significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive industry experience of the promoter**

The company is promoted by Mr. S. Dwarakanathan and he looks at the day to day operations of the company. The promoter has an experience of around two decades in textile industry. This has given them an understanding of the dynamics of the market and enabled them to establish relationships with suppliers and customers.

- **Diversified product portfolio**

GTL derives ~64% of total operating income manufacturing of woven, ~31% from gloves and ~5% from headwears during FY24. GTL is engaged in manufacturing of woven gloves, socks, and headwears. A diversified product portfolio enables the entity to spread its risk and reduces dependency on single/few products.

Key Rating Weaknesses

- **Nascent stage of operations**

GTL's business profile is constrained by its nascent stage of operations in the intensely competitive textile industry. The company has recently started its operations in June 2022. GTL has achieved revenue of Rs.76.87 crore during FY23 and in FY24 company



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has achieved revenue of Rs. 136.32 crore. GTL's scale of operations will continue limit its operating flexibility.

- **Highly fragmented and competitive nature of industry**

The Indian textile industry consists of large and organized players who contribute to a major part of the production. The intense competition in highly fragmented textile industry restricts the ability of the company to completely pass on volatility in input cost to its customers.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The The company has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The company's liquidity position is supported by cash and bank balances of Rs.0.22 crore as on March 31, 2024. The Company generated net cash accruals of Rs.14.10 crore for FY2024 while its maturing debt obligations were nil for the same period. The cash accruals of the Company are estimated to remain in the range of around Rs. 23.04 crore to Rs.26.88 crore as against debt obligation of Rs.9.00 crore to Rs.10.09 crore during FY 2025-27. The adjusted current ratio stood at 1.39x as on March 31st, 2024.

About the Company

Gainup Technotek Limited (GTL) was established by Mr Dwarakanathan in December 2021 and has its registered office at Dindigul. The company manufactures the apparels and gloves made up of woven fabrics. The company has production facility at Dindigul. The company is engaged in both domestic and exports market. Currently, the company has only one client i.e



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M/s. Decathlon (this is well known brand for sports products worldwide and they procure Woven Garments and Gloves from the company for various outlets in India and for overseas – European, US and Asian Countries).

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	76.87	136.32
EBITDA	9.10	23.97
PAT	2.18	7.60
Total Debt	94.50	102.65
Tangible Net Worth	35.20	49.49
EBITDA Margin (%)	11.83	17.58
PAT Margin (%)	2.80	5.57
Overall Gearing Ratio (x)	2.68	2.07
Interest Coverage (x)	2.03	2.47

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					July 19, 2024	May 22, 2023	March 31, 2021
1.	Fund Based	Long Term	97.70	IVR BBB- / Stable	IVR BB+/ Positive	IVR BB+/ Stable	-
2.	Non-Fund Based	Short Term	6.06	IVR A3	IVR A4+	IVR A4+	-

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About Infomerics:



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Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Feb 2034	70.20	IVR BBB-/ Stable



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Cash Credit	-	-	-	-	27.50	IVR BBB-/ Stable
Bank Guarantee	-	-	-	-	3.85	IVR A3
CEL	-	-	-	-	2.21	IVR A3

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-gainup-technotek-8oct24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.