



Press Release

GTN Textiles Limited

December 29, 2020

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities – Term Loan*	1.63	IVR D (IVR Single D)	Revised from IVR BB- /Stable Outlook (IVR Double B Minus with Stable Outlook)
Long Term Bank Facilities – Cash Credit	21.60	IVR D (IVR Single D)	Revised from IVR BB- /Stable Outlook (IVR Double B Minus with Stable Outlook)
Short Term Bank Facilities – EPC/PCFC	14.40	IVR D (IVR Single D)	Revised from IVR A4 (IVR A Four)
Short Term Bank Facilities – Letter of credit/Bank Guarantee	28.50	IVR D (IVR Single D)	Revised from IVR A4 (IVR A Four)
Total	66.13		

*outstanding as on March 31, 2019

Details of Facility are in Annexure 1

Detailed Rationale

The aforesaid revision in rating of the bank facilities of GTN Textiles Limited (GTN) reflects the delays in debt servicing by the company owing to liquidity crunch.

List of Key Rating Drivers with Detailed Description

Key Rating Weakness:

- **Delay in debt servicing**

There has been delays in debt servicing by GTL owing to liquidity crunch. The company's operations have been severely affected by the covid-19 pandemic. The manufacturing activities of the company remained suspended for significant period of the current financial



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year. Consequently, cash flow position of the company remains stretched leading to delay in debt servicing.

- **Fragmented industry characterized by intense competition from large number of players**

The industry is fragmented to a large extent with the presence of numerous small sized companies along with various large and established players. This exerts pressure on the margins of the company.

Key Rating Strengths

- **Experienced promoters with long industry experience**

GTL is a part of GTN group promoted by, Late Mr. M.L. Patodia. Presently, Mr. B.K. Patodia (Son of Mr. M.L. Patodia) who has over five decades of experience in spinning industry is at the helm of affairs of the company. The group derives its strength from rich experience of promoters in marketing of cotton yarns in international market for over three decades.

Analytical Approach: Standalone

Applicable Criteria

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation – (Non-Financial Sector)

Criteria on Default Recognition and Post-Default Curing Period

About the Company

GTN Textiles Ltd (GTL) is a listed public company having its registered office in Ernakulam, Kerala. GTL produces yarn counts ranging from 30s to 120s, with high concentration on the fine/superfine counts (60s and above). The company has an installed capacity of 51,808 spindles of which 27,840 spindles run on compact spinning system and the rest on the ring frame system.

Financials (Standalone)

(Rs Crore)

For the year ended / As on	31-03-19	31-03-20
	Audited	Audited
Total Operating Income	142.26	131.00
EBITDA	4.01	0.05



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For the year ended / As on	31-03-19	31-03-20
PAT	-7.33	-8.73
Total Debt	55.73	64.26
Tangible Net worth	98.24	85.95
Ratios		
EBITDA Margin (%)	2.82	0.04
PAT Margin (%)	NM	NM
Overall Gearing Ratio (x)	0.57	0.75

* Classification as per Infomerics' standards;

Status of non-cooperation with previous CRA: : Care Ratings in its press release dated November 24, 2020 has continued to place the rating of GTN Textiles Limited under Issuer Not Cooperating category due to non-availability of information.

Any other information: N.A.

Rating History for last three years:

Sl. No	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Rating assigned in 2019-20	Rating assigned in 2018-19	Rating assigned in 2017-18
1.	Long Term Bank Facilities – Term Loan*	Long Term	1.63	IVR D	IVR BB-/Stable Outlook (Oct 11, 2019)	-	-
2.	Long Term Bank Facilities – Cash Credit	Long Term	21.60	IVR D	IVR BB-/Stable Outlook (Oct 11, 2019)	-	-
3.	Short Term Bank Facilities – EPC/PCFC	Short Term	14.40	IVR D	IVR A4 (Oct 11, 2019)	-	-
4.	Short Term Bank Facilities – Letter of credit/Bank Guarantee	Short Term	28.50	IVR D	IVR A4 (Oct 11, 2019)	-	-

* outstanding as on March 31, 2019



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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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan*	-	-	March,2020	1.63	IVR D
Long Term Bank Facilities – Cash Credit	-	-	-	21.60	IVR D
Short Term Bank Facilities – EPC/PCFC	-	-	-	14.40	IVR D



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Short Term Bank Facilities – Letter of credit/Bank Guarantee	-	-	-	28.50	IVR D
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* outstanding as on March 31, 2019

Annexure 2: Facility wise lender details (Hyperlink to be added)

<https://www.infomerics.com/admin/prfiles/Lender-GTN-Textiles-Limited-.pdf>

