

## GTN Textiles Limited

November 10, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	12.43	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	58.30	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>70.73</b> <b>(Rs. Seventy Crore and Seventy-Three Lakhs Only)</b>		

*Details of instruments/facilities in Annexure 1*

### Detailed Rationale & Key Rating Drivers

CARE had vide its press release dated December 31, 2020 placed the ratings of GTN Textiles Limited (GTN) under the issuer non cooperating category as it had failed to provide information for monitoring of the rating. GTN continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated October 27, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which, however, in CARE's opinion is not sufficient to arrive at a fair rating.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).***

### Detailed description of the key rating drivers

*At the time of last rating on December 31, 2020 the following were the rating strength and weakness (updated for the information available from stock exchange)*

### Key Rating Weaknesses

#### Ongoing delays in debt servicing:

During FY21, the company reported net loss of Rs.36 crore on total income of Rs. 46.49 crore. On account of continuous losses over the years with inadequate cash accruals, there have been ongoing delays in servicing of debt obligations.

**Analytical Approach:** Standalone

#### Applicable criteria:

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

### About the Company

GTN Textiles Limited (GTL) is part of Kerala-based GTN-BKP (GTN-BK Patodia) having its production facilities in the state of Kerala. The primary business activity of GTL is production and sale of cotton yarn. GTL had a capacity of 56,848 spindles which includes 34,896 compact spindles and 21,952 ring spinning as on March 31, 2018. The company produces fine and super fine counts of cotton yarn in the range of 40s to 140s.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	Q1 FY22 (Prov)
Total operating income	147.16	46.49	15.99
PBILD	0.44	-8.56	-3.16
PAT	-8.73	-36.01	-3.91
Overall gearing (times)	NM	NM	NA
Interest coverage (times)	0.05	-0.95	-1.12

*A: Audited; Prov: Provisional; NM: Not meaningful; NA: Not available.*

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**Status of non-cooperation with previous CRA:**

Not Applicable

**Any other information:**

Not Applicable

**Rating History for last three years:** Please refer Annexure-2.**Covenants of rated instrument / facility:** NA**Complexity of instruments rated for the company:** Please refer Annexure-3**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	June 2020	4.03	CARE D; ISSUER NOT COOPERATING*
Fund-based - ST-EPC/PSC		-	-	-	29.80	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	28.50	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit		-	-	-	8.40	CARE D; ISSUER NOT COOPERATING*

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	4.03	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (31-Dec-20) 2)CARE B; Stable; ISSUER NOT COOPERATING* (24-Nov-20)	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Dec-19)	1)CARE B; Stable (27-Nov-18)
2	Fund-based - ST-EPC/PSC	ST	29.80	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (31-Dec-20) 2)CARE A4; ISSUER NOT COOPERATING* (24-Nov-20)	1)CARE A4; ISSUER NOT COOPERATING* (24-Dec-19)	1)CARE A4 (27-Nov-18)
3	Non-fund-based - ST-BG/LC	ST	28.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING*	1)CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (27-Nov-18)

						(31-Dec-20) 2)CARE A4; ISSUER NOT COOPERATING * (24-Nov-20)	(24-Dec-19)	
4	Fund-based - LT- Cash Credit	LT	8.40	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D; ISSUER NOT COOPERATING * (31-Dec-20) 2)CARE B; Stable; ISSUER NOT COOPERATING * (24-Nov-20)	1)CARE B; Stable; ISSUER NOT COOPERATING * (24-Dec-19)	1)CARE B; Stable (27-Nov- 18)

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not Applicable**

**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-EPC/PSC	Simple
4	Non-fund-based - ST-BG/LC	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

## Contact us

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

### Disclaimer

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