

Gill and Company Private Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	140.00	CARE BB+; Stable	Downgraded from CARE BBB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The downgrade of the ratings to the bank facilities of Gill and Company Private Limited (GCPL) factors decline in scale of operations in FY25 (FY refers to the period from April 01 to March 31) and in 5MFY26 on account of volatility in raw cotton prices and limited favourable trading opportunities. The rating is also constrained on account of thin operating profitability margins owing to trading nature of business resulting in weak debt coverage indicators, modest net worth, and working capital intensive nature of operations. Despite these rating constraints, the rating derives comfort from the experienced promoters in the cotton trading business, longstanding relationships with the customers and suppliers and comfortable capital structure.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in total operating income (TOI) above Rs. 325 crore and coupled with improvement of profit before interest, lease rentals, depreciation and taxes (PBILDT) margins a sustained basis
- Interest coverage (PBILDT/Interest) over 2.00x on a sustained basis

Negative factors

- Substantial decline in TOI or PBILDT margins below 0.50% on a sustained basis
- Deterioration of current ratio below 1.20x on a sustained basis
- Elongation of working capital cycle over 120 days on a sustained basis

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings' opinion that the company will continue to benefit from the experience of the promoters in the medium term.

Detailed description of key rating drivers:

Key weaknesses

Deterioration in scale of operations and business profile

In FY25, TOI of the company declined by approximately 35% to Rs. 275.97 crore from Rs. 427.65 crore in FY24. The decline in scale is on account of reduced export revenues and volatility in the cotton trading industry. Owing to political upheaval in Bangladesh in FY25, a major export destination for GCPL, the revenues from the region has been subject to volatility. In FY25, approximately 93% of the export revenue was from Bangladesh and Hong Kong, this concentration of revenue source exposes the company to geographical concentration risk. Over the last 4 years ended FY25, the scale of operations has exhibited a negative compounded annual growth rate (CAGR) of ~16%. Historically till FY24, export revenue dominated the revenue stream. However, on account of unfavourable market conditions for exports, export revenue both in terms of share and absolute sales in the revenue mix has declined in FY25 and 5MFY26. CareEdge notes that the company's share of domestic trading activity has increased in FY25 and expects to remain high, in near term which exposes the company in the domestic market. The cotton prices are regulated by the Government through Minimum Support Price (MSP) being one of the tools used for price regulation. The company was able to achieve Rs. 81.36 crore in revenue during 5MY26. Sustainable revenue visibility remains crucial from credit perspective.

Decline in profitability and weak debt coverage metrics

In FY25 the operating profitability of the company marked by PBILDT margins declined by 44 bps to 0.83% from 1.27% in FY24. The decline in profitability is an effect of similar levels of fixed operating costs on a subdued operating scale. Additionally, increase in variable operating expenses has further impacted the profitability of the operations. The decline in scale of operations coupled

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

with deteriorated profitability margins in conjunction with relatively high finance costs, has adversely impacted debt coverage metrics marked by weak interest coverage (PBILDT/Interest) of 0.53x in FY25 (PY: 1.10x). Elevated interest cost has exerted pressure of net profitability however non-operating income namely profit from sale of investments and interest income have helped the company to report positive, yet subdued, profit after tax.

Working capital intensive nature of operations

Operating cycle during FY25 elongated to 97 days compared to 61 days in FY24. Average receivables collection period elongated to 63 days during FY25 from 44 days in FY24. Inventory holding period during FY25 increased to 50 days in FY25 from 26 days in FY24. It should be noted that despite elongation in working capital cycle, in absolute terms, improvement is seen in the position of receivables is Rs. 8.49 (PY: Rs. 87.10 crore) and inventory is Rs. 25.25 crore (PY: Rs. 49.98 crore) as on year end in FY25.

Business operations in highly competitive and fragmented industry landscape

GCPL operates in an intensely competitive and highly fragmented agro-commodity trading industry, marked by large number of participants. The industry is fragmented due to low barriers to entry and relatively low capital and technical requirements, which impacts the bargaining power of the participants.

Key strengths

Experienced promoters with an established track record of performance

GCPL has been in the cotton trading industry for over 130 years. The company is managed by the Shah family, Jayant Shah, MD, Mohit Shah, Director, and Rishabh Shah, Director. GCPL was originally a partnership firm engaged in cotton trading established in 1886 and subsequently converted into a company. The company is one of the oldest and leading cotton trading merchants in India, with a strong reputation and a track record of over 130 years.

Diversified and reputed supplier base

The company, owing to its long presence in the cotton producing region of the country, has established a reliable logistical network for sourcing cotton across India and servicing global markets. GCPL operates branches in key cotton-growing states such as Gujarat, Maharashtra, and Madhya Pradesh among others. In FY25 the top 10 suppliers constituted approximately 40% of total purchases, compared to 37% in FY24. This level of supplier concentration risk may limit the company's bargaining flexibility. This risk is partially mitigated by GCPL's established and long-standing relationship with its suppliers. The supplier base also includes several well-known entities.

Moderate capital structure

The company mainly depends upon bank borrowings to meet working capital requirements. GCPL utilizes its working capital limits in tandem with its scale of operations. As on March 31, 2025, there is a decrease in total debt to Rs. 0.90 crore from Rs. 101.94 crore as on March 31, 2024. Decrease in debt has positively impacted the leverage metrics of the capital structure marked by improvement in overall gearing as on March 31, 2025, to 0.02x from 1.86x at the end of FY24.

Liquidity: Adequate

Liquidity is characterised by adequate cash accruals of Rs. 1.35 crore in FY25 against scheduled debt repayment of Rs. 0.38 crore in FY26, unutilized bank limits, and cash and bank balance of Rs. 7.29 crore, and liquid investment in shares and mutual funds of Rs. 7.35 crore as on March 31, 2025. Further comfort is drawn from negligible utilization of working capital limits in the past twelve months ended August 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy on default recognition](#)

[Liquidity Analysis of Non-financial Sector Entities](#)

[Rating Outlook and Credit Watch](#)

[Wholesale trading](#)

[Financial Ratios – Non Financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

GCPL was established in 1886 by a British National – H Gill, in partnership with Khengar Thobhan and Meghji Thobhan. The company acted as an agent for purchase and sale of cotton in the domestic market and played a leading role in the import and

export of cotton from overseas. Currently, the company is mainly into export of Indian raw cotton in fully pressed bale form. At present, the company is owned and managed by the Shah family, with Jayant B Shah (Managing Director), Mohit D Shah (Director), and Rishabh J Shah (Director).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	5MFY26 (UA)
Total operating income	427.65	275.97	81.36
PBILDT	5.45	2.31	0.69
PAT	2.71	0.79	N.A.
Overall Gearing (times)	1.86	0.02	N.A.
Interest Coverage (times)	1.10	0.53	2.76

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-EPC/PSC		-	-	-	140.00	CARE BB+; Stable

LT; Long term

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-EPC/PSC	LT	140.00	CARE BB+; Stable	-	1)CARE BBB-; Stable (18-Sep-24)	1)CARE BBB-; Stable (29-Aug-23)	1)CARE BBB-; Stable (22-Aug-22)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-EPC/PSC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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