

Patspin India Limited

November 25, 2019

Ratings

| Facilities | Amount (Rs. crore) | Ratings ¹ | Rating Action |
|------------------------------------|---|--|---|
| Long-term Bank Facilities | 92.03 | CARE D (Single D) | Reaffirmed |
| Short-term Bank Facilities | 157.50 | CARE D (Single D) | Revised from CARE A4 (A Four) |
| Long/Short-term Bank Facilities | 7.00 | CARE D/ CARE D (Single D/ Single D) | Revised from CARE C; Stable/ CARE A4 (Single C; Outlook: Stable/A Four) |
| Total Facilities | 256.53 (Rupees Two Hundred Fifty-Six crore and Fifty Three Lakhs only) | | |

Details of instruments/facilities in Annexure 1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Patspin India Limited (PIL) continue to factor in the on-going delays in repayment of debt and also takes into account the devolvement of letter of credit due to liquidity constraints.

Detailed description of the key rating drivers

Key Rating Weaknesses

Ongoing delays in debt servicing

The Total operating income of the company increased by 5.23% to Rs.551.03 crore in FY19 from Rs.523.64 crore in FY18. The company reported a net loss of Rs.2.36 crore in FY19 compared to 4.34 crore in FY18. Further during H1FY20, the company reported net loss of Rs.14.4 crore on total income of Rs.234 crore. On account low cash accruals and higher interest cost, there have been ongoing delays in servicing of term loans and instance of devolvement of Letter of Credit. .

Analytical Approach: Standalone

Applicable criteria

[CARE's Policy on Default Recognition](#)

[Criteria on assigning 'Outlook' and 'credit watch' to Credit Ratings](#)

[Criteria for Short Term Instruments](#)

[CARE's methodology for manufacturing companies](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology for Cotton textile Manufacturing](#)

About the company

Patspin India Limited (PIL) is part of Kerala based GTN group. GTN group was established by Late Mr. M.L. Patodia in 1960. GTN group has presence in spinning yarn, knitting, processing and garmenting. Primary business activity of PIL is production and sale of cotton yarn (counts ranging from 20s to 100s). In addition to this, PIL is also engaged in value-adding activities like TFO (Two-For-One) twisting and gassing of textile yarn. Incorporated in the year 1991, PIL had set up its first spinning unit in Palakkad, Kerala, in 1993, with 52 ring frames having 51,456 spindles. During 2007, PIL had set up its second spinning unit in Ponneri, Tamil Nadu, with 52 ring frames having 62,400 spindles. As on March 31, 2018, the total capacity of PIL stood at 113,856 spindles.

| Brief Financials (Rs. crore) | FY18 (A) | FY19 (A) |
|------------------------------|----------|----------|
| Total operating income | 523.64 | 551.03 |
| PBILD | 31.37 | 36.66 |
| PAT | -4.34 | -2.36 |
| Overall gearing (times) | 3.47 | 3.10 |
| Interest coverage (times) | 0.95 | 1.25 |

A-Audited;

Status of non-cooperation with previous CRA:

Not Applicable

¹Complete definitions of the ratings assigned are available at www.careratings.com and other publications of CARE

Any other information:

Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Term Loan | - | - | Mar 2022 | 92.03 | CARE D |
| Fund-based - ST-EPC/PSC | - | - | - | 53.00 | CARE D |
| Non-fund-based - LT/ ST-BG/LC | - | - | - | 7.00 | CARE D / CARE D |
| Non-fund-based - ST-Letter of credit | - | - | - | 61.25 | CARE D |
| Fund-based - ST-Packing Credit in Indian rupee | - | - | - | 37.75 | CARE D |
| Non-fund-based - ST-Bank Guarantees | - | - | - | 5.50 | CARE D |

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 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 |
| 1. | Fund-based - LT-Term Loan | LT | 92.03 | CARE D | 1)CARE D (04-Apr-19) | - | 1)CARE D (04-Dec-17) | 1)CARE D (22-Feb-17) |
| 2. | Fund-based - ST-EPC/PSC | ST | 53.00 | CARE D | 1)CARE A4 (04-Apr-19) | - | 1)CARE A4 (04-Dec-17) | 1)CARE A4 (22-Feb-17) |
| 3. | Non-fund-based - LT/ ST-BG/LC | LT/ST | 7.00 | CARE D / CARE D | 1)CARE C; Stable / CARE A4 (04-Apr-19) | - | 1)CARE C; Stable / CARE A4 (04-Dec-17) | 1)CARE C; Stable / CARE A4 (22-Feb-17) |
| 4. | Non-fund-based - ST-Letter of credit | ST | 61.25 | CARE D | 1)CARE A4 (04-Apr-19) | - | 1)CARE A4 (04-Dec-17) | 1)CARE A4 (22-Feb-17) |
| 5. | Fund-based - ST-Packing Credit in Indian rupee | ST | 37.75 | CARE D | 1)CARE A4 (04-Apr-19) | - | 1)CARE A4 (04-Dec-17) | 1)CARE A4 (22-Feb-17) |
| 6. | Non-fund-based - ST-Bank Guarantees | ST | 5.50 | CARE D | 1)CARE A4 (04-Apr-19) | - | 1)CARE A4 (04-Dec-17) | 1)CARE A4 (22-Feb-17) |

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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