



**Press Release**  
**Pashupati Cotspin Limited**  
**November 05, 2024**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	202.26	ACUITE C   Downgraded	-
Total Outstanding Quantum (Rs. Cr)	202.26	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has downgraded its long-term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) on Rs.202.26 Cr. bank facilities of Pashupati Cotspin Limited (PCL).

**Rationale for Downgrade**

The rating downgrade is on account of irregular account conduct and SMA-2 classification of group company i.e. Pashupati texspin Export LLP, as observed in the credit bureau information reports.

**About the Company**

Pashupati Cotspin Limited, a Kadi, Gujarat based company was established as a partnership firm in 2013 by Mr. Saurin Parikh and his family and is engaged in ginning and spinning of cotton yarn. Further, it was reconstituted into a public limited company in 2017 and subsequently listed on the SME platform of NSE. The current directors of the company are Mr. Saurin Jagdish Bhai Parikh, Mr. Tushar Rameshchandra Trivedi, Mr. Dakshesh Jayantilal Patel, Mr. Sandip Ashwinbhai Parikh and Ms. Sheela Kirtankumar Roy.

**About the Group**

Pashupati Group was founded by Mr. Saurin Parikh in 1997 and had started with ginning of cotton through a small partnership firm in Kadi, Gujarat. Since then, the group has expanded into several integrated activities in the textile processing industry through other group companies namely Pashupati Cotyarn LLP and Pashupati Texspin Export LLP. Pashupati Cotspin Limited is the flagship company of the group and Pashupati Cotyarn LLP has now been merged with Pashupati Cotspin Limited.

Pashupati Texspin Export LLP initially formed as a partnership firm under the name of Pashupati Textile in January, 2017 and started commercial operations in November, 2017 is engaged into sizing yarn and weaving of cotton fabric. The products sold by the firm includes grey fabric, sizing yarn, yarn, grey and sizing waste. The firm purchases cotton yarn from spinning mills located in Kadi, Gujarat and also group companies including Pashupati Cotspin Limited. Further, the firm sells the finished products to traders located in Gujarat.

**Unsupported Rating**

Not applicable

## **Analytical Approach**

### **Extent of Consolidation**

- Full Consolidation

### **Rationale for Consolidation or Parent / Group / Govt. Support**

Acuité has consolidated the business and financial risk profiles of Pashupati Cotspin Limited and its group companies i.e. Pashupati texspin Export LLP and Pashupati Cotyarn LLP together referred to as the 'Pashupati Group'. The consolidation is in view of the similar line of business, common ownership and significant

intercompany financial and operational linkages.

## **Key Rating Drivers**

### **Strengths**

#### **Reputed family held business with a vintage track of operations**

Pashupati Group, based out of Kadi, Gujarat, is a family-owned business with existence since 1993 started by Mr. Saurin Parikh and his family members through a small cotton ginning company. Since then, the activities in the group has expanded into diverse activities of textile space under the management of Mr. Saurin Parikh who has an overall experience of more than two decades in the textile processing industry and is the President of the Gujarat Textile Association. The other family members, who are directors in the group companies look after the day-to-day operations and allied activities in the group. Over the years, the brand name of “Pashupati” has been established by Mr. Parikh through association the domestic and international markets. Acuité believes that with a vast experience of the management is likely to support the operations over the medium term.

### **Weaknesses**

#### **Susceptibility to volatility in prices of key raw materials**

Pashupati Group’s profitable margins are susceptible to fluctuations in the prices of major raw materials such as domestic cotton (MECH, Shankar 6). Cotton being a seasonal crop, the production of the same is highly dependent upon the monsoon. Thus, inadequate rainfall affects the availability of cotton in adverse weather conditions. Furthermore, any abrupt change in cotton prices due to supply-demand scenario and government regulations of changes in Minimum Support Price (MSP) can lead to distortion of prices and affect the profitability of players across the cotton value chain. Acuité believes that the group’s business profile and financial profile can be adversely impacted on account of presence of inherent risk of susceptibility of volatility in raw cotton prices, since the industry is highly commoditized.

### **Rating Sensitivities**

- Regular servicing of debt obligations

### **Liquidity : Poor**

The liquidity position of the group is marked poor as the group company's account is currently marked under SMA-2.

### **Outlook: Not applicable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	595.04	855.71
PAT	Rs. Cr.	5.76	15.59
PAT Margin	(%)	0.97	1.82
Total Debt/Tangible Net Worth	Times	2.00	1.71
PBDIT/Interest	Times	2.19	2.73

### Status of non-cooperation with previous CRA (if applicable)

Not applicable

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
28 Dec 2023	Cash Credit	Long Term	46.80	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	0.54	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	11.98	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	0.82	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	13.85	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Dropline Overdraft	Long Term	14.40	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	1.09	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	10.96	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Cash Credit	Long Term	45.00	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Dropline Overdraft	Long Term	14.25	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	16.83	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	22.40	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Proposed Long Term Bank Facility	Long Term	1.45	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
	Term Loan	Long Term	1.89	ACUITE BB+   Stable (Downgraded from ACUITE BBB   Negative)
03 Nov 2022	Term Loan	Long Term	1.46	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	0.90	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	22.38	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	1.67	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	20.27	ACUITE BBB   Negative (Reaffirmed)
	Dropline Overdraft	Long Term	14.40	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	2.78	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	10.96	ACUITE BBB   Negative (Reaffirmed)
	Cash Credit	Long Term	38.70	ACUITE BBB   Negative (Reaffirmed)
	Cash Credit	Long Term	6.30	ACUITE BBB   Negative (Assigned)
	Term Loan	Long Term	20.20	ACUITE BBB   Negative (Assigned)
	Dropline Overdraft	Long Term	14.25	ACUITE BBB   Negative (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.26	ACUITE BBB   Negative (Assigned)
	Cash Credit	Long Term	46.80	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	0.93	ACUITE BBB   Negative (Reaffirmed)

22 Oct 2022	Cash Credit	Long Term	46.80	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	0.93	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	1.46	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	0.90	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	22.38	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	1.67	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	20.27	ACUITE BBB   Negative (Reaffirmed)
	Dropline Overdraft	Long Term	14.40	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	2.78	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	10.96	ACUITE BBB   Negative (Reaffirmed)
	Cash Credit	Long Term	38.70	ACUITE BBB   Negative (Reaffirmed)
26 Jul 2021	Term Loan	Long Term	1.72	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	1.17	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	1.93	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	22.29	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	7.70	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	2.28	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	28.92	ACUITE BBB   Stable (Assigned)
	Term Loan	Long Term	6.66	ACUITE BBB   Stable (Assigned)
	Secured Overdraft	Long Term	15.00	ACUITE BBB   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.78	ACUITE BBB   Stable (Assigned)
	Cash Credit	Long Term	72.80	ACUITE BBB   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	46.80	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.00	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
Axis Bank	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.25	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.40	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.45	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.09	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.96	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.83	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.40	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
Shree Kadi Nagarik Sahakari Bank Limted	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.89	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.54	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.98	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.82	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.85	Simple	ACUITE C   Downgraded ( from ACUITE BB+ )

\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

<b>Sr. No</b>	<b>Name of the companies</b>
1	Pashupati Cotspin Limited
2	Pashupati Texspin Export LLP
3	Pashupati Cotyarn LLP



## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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