



Press Release
GAJAVELLI SPINNING MILLS PRIVATE LIMITED
October 11, 2024
Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE C Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

* The issuer did not co-operate; based on best available information.

Rating Rationale

Acuite has downgraded long-term rating to 'ACUITE C' (read as ACUITE Cf) from 'ACUITE BB+' (read as ACUITE Double B plus) on the Rs. 100.00 Crore bank facilities of Gajavelli Spinning Mills Private Limited (GSMPL). The downgraded is on account of information risk. The rating is now flagged as "Issuer Not-Cooperating" on account of information risk and is based on the best available information.

Rationale for downgrade

As per the reporting in Credit Beaureau Report, there are several accounts in SMA 0 category. On the basis of information available in public domain, rating is being downgraded.

About the Company

Gajavelli Spinning Mills Private Limited (GSMPL) was incorporated on 25th April 2006 with a registered office at Guntur, Andhra Pradesh. Mr. G. Venkateswara Rao and Mr. G. Poornachandra Rao are the founder directors of the company. The company is engaged in the processing of cotton bales to cotton yarn at its manufacturing unit at Chebrolu, Guntur district, Andhra Pradesh. The company is equipped with automated yarn manufacturing machines with 35,184 spindles to manufacture yarn counts ranging from 20s to 60s both in Carded and Combed yarns. GSMPL is directed by Mr. Gajavelli Venkateswararao, Mr. Gajavelli Nageswara Rao and others.

Unsupported Rating

Not Applicable

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date. Acuite believes that information risk is a critical component in such ratings, and non - cooperation by the issuer along

with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as “Issuer not-cooperating”, in line with prevailing SEBI regulations and Acuité’s policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuité to comment upon.

Liquidity Position

No information provided by the issuer / available for Acuité to comment upon.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	183.03	642.29
PAT	Rs. Cr.	5.07	23.75
PAT Margin	(%)	2.77	3.70
Total Debt/Tangible Net Worth	Times	0.95	1.09
PBDIT/Interest	Times	3.20	6.86

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Trading Entity: <https://www.acuite.in/view-rating-criteria-61.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
28 Jul 2023	Proposed Cash Credit	Long Term	4.17	ACUITE BB+	Stable (Assigned)
	Term Loan	Long Term	0.53	ACUITE BB+	Stable (Assigned)
	Term Loan	Long Term	7.49	ACUITE BB+	Stable (Assigned)
	Covid Emergency Line.	Long Term	3.11	ACUITE BB+	Stable (Assigned)
	Covid Emergency Line.	Long Term	4.70	ACUITE BB+	Stable (Assigned)
	Cash Credit	Long Term	50.00	ACUITE BB+	Stable (Assigned)
	Cash Credit	Long Term	30.00	ACUITE BB+	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.	50.00	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB+)
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB+)
Punjab National Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.11	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB+)
Punjab National Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.70	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB+)
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.17	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB+)
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.53	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB+)
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.49	Simple	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BB+)

* The issuer did not co-operate; based on best available information.

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Siddharth Garg Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.