

## Gujarat Hy-Spin Limited

August 30, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	28.77	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	2.00	CARE D / CARE D; ISSUER NOT COOPERATING* (Single D / Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>30.77</b> <b>(Rs. Thirty Crore and Seventy-Seven Lakhs Only)</b>		

*Details of facilities in Annexure -1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated June 19, 2020, revived the ratings of Gujarat Hy-Spin Limited (GHSL) under the 'issuer non-cooperating' category as GHSL had failed to provide information for monitoring of the ratings for the rating exercise as agreed to in its Rating Agreement. GHSL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 05, 2021, May 15, 2021 and May 25, 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 ratings.***

The ratings take into account delay in servicing of its debt obligations.

### Detailed description of the key rating drivers

*At the time of last rating on June 19, 2020 the following were the rating weaknesses:*

#### **Key rating weakness:**

#### **Delay in debt servicing**

GHSL has been irregular in servicing of its debt obligation due to poor liquidity position of the company.

#### **Liquidity: Poor**

Liquidity position of GHSL remained poor marked by elongated gross current asset days which resulted into elongated operating cycle during FY21. Unencumbered cash and bank balance with the company remained low at Rs.0.66 crore as on March 31, 2021. Further, current ratio of GHSL remained at 1.14x as on March 31, 2021, however, quick ratio remained below unity at 0.72x as on March 31, 2021 owing to higher inventory level as on March 31, 2021.

**Analytical approach:** Standalone

### Applicable Criteria

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

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

[Rating Methodology for Cotton Textile Manufacturing](#)

[Rating Methodology-Manufacturing Companies](#)

[CARE's Policy on Curing Period](#)

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

\*Issuer did not cooperate; Based on best available information

### About the Company

GHSL (CIN: L17110GJ2011PLC063898) was incorporated as a private limited company on February 01, 2011 by Mr. Maganbhai Parvadia and Mr. Chandul Parvadia, and converted to limited company on February, 2017. GHSL has two group concerns namely Gujarat Ginning & Oil Industry and Paras Cotton. The former is engaged in cotton ginning, pressing and crushing of oil seeds while the latter carries out trading of cotton seeds and cotton bales. GHSL has a spinning mill with an installed capacity of 17,952 spindles or 3,582 MTPA as on March 31, 2017 for manufacturing of cotton yarn having combed counts yarn of 30 at its Gondal plant (Gujarat). GHSL started commercial production from December, 2013.

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)
Total operating income	50.54	53.60
PBILDT	6.03	5.75
PAT	0.23	0.11
Overall gearing (times)	1.21	0.76
Interest coverage (times)	1.92	1.88

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

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

**Complexity level of various instruments rated for this company:** Annexure 3

### 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	-	-	December, 2021	18.77	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	10.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantees	-	-	-	2.00	CARE D / CARE D; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

### Annexure 2: Rating History for 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	18.77	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (19-Jun-20)	-	1)CARE D; ISSUER NOT COOPERATING* (20-Mar-19) 2)CARE BB-; Stable (04-Apr-18)
2.	Fund-based - LT-Cash Credit	LT	10.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (19-Jun-20)	-	1)CARE D; ISSUER NOT COOPERATING* (20-Mar-19) 2)CARE BB-; Stable (04-Apr-18)

3.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	2.00	CARE D / CARE D; ISSUER NOT COOPERATING*	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (19-Jun-20)	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (20-Mar-19) 2)CARE BB-; Stable / CARE A4 (04-Apr-18)
----	-----------------------------------------	-------	------	------------------------------------------	---	--------------------------------------------------------	---	----------------------------------------------------------------------------------------------------

*\*Issuer did not cooperate; Based on best available information*

**Annexure 3: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - LT/ ST-Bank Guarantees	Simple

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

## Contact us

### Media Contact

Name: Mr. Mradul Mishra  
Contact no. – +91-22-6837 4424  
Email ID – mradul.mishra@careratings.com

### Analyst Contact

Group Head Name – Mr. Akhil Goyal  
Group Head Contact no.- +91-8511190015  
Group Head Email ID- akhil.goyal@careratings.com

### Business Development Contact

Name: Mr. Deepak Prajapati  
Contact no. : +91-79-4026 5656  
Email ID : deepak.prajapati@careratings.com

### 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

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**