

MARCH 02, 2016

CARE REVISES THE LT RATING AND REAFFIRMS THE ST RATING ASSIGNED TO THE BANK FACILITIES OF GUJARAT HY-SPIN PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	32.24	CARE BB- (Double B Minus)	Revised from CARE B+ (Single B Plus)
Long-term / Short-term Bank Facilities	1.60	CARE BB-/ CARE A4 (Double B Minus/ A Four)	Revised from CARE B+ (Single B Plus) / Reaffirmed
Short-term Bank Facilities	0.18	CARE A4 (A Four)	Reaffirmed
Total	34.02 (Rupees Thirty Four crore and Two lakh only)		

Rating Rationale

The revision in the long-term rating assigned to the bank facilities of Gujarat Hy-Spin Private Limited (GHSPL) was primarily on account of improvement in capital structure and debt coverage indicators along with moderate liquidity position during FY15 (refers to the period April 1 to March 31). The ratings, however, continue to remain constrained on account of its short track record of operations with presence in the highly fragmented textile industry, elongated working capital cycle, moderate capital structure and debt coverage indicators.

The aforementioned factors far offset the benefits derived from the experience of the promoters in the cotton industry through its associate entities.

GHSPL's ability to increase its scale of operations, improvement in profitability and capital structure in light of stiff competition within the cotton yarn industry and efficient working capital management are the key rating sensitivities.

Background

GHSPL was incorporated as a private limited company on February 01, 2011 by Mr Maganbhai Parvadia and Mr Chandulal Parvadia. GHSPL 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. GHSPL has a spinning mill with an installed capacity of 17,952 spindles or 3,582 MTPA as on March 31, 2015 for manufacturing of the cotton yarn having combed counts yarn of 30 at its Gondal plant (Gujarat). GHSPL had started commercial production from December, 2013.

As per the audited results for FY15, GHSPL reported net loss of Rs.0.84 crore on a total operating income (TOI) of Rs.55.18 crore as against net profit of Rs.0.22 crore on a total operating income of Rs.12.42 crore. As per the provisional results for 10MFY16, GHSPL registered a turnover of Rs.43.19 crore.

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

Analyst Contact

Name: Mr Vishal Joshi

Tel: 079-40265613

Cell: + 91 8511190082

Email: vishal.joshi@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings 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.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691