

Garden Silk Mills Limited

July 28, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long Term Bank Facilities	1,779.32	CARE D; ISSUER NOT COOPERATING*	Based on best available information, Issuer did not cooperate
Short Term Bank Facilities	532.00		
Total facilities	2311.32 (Rs. Two Thousand three hundred eleven crore and thirty two lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Garden Silk Mills Limited (GSML) to monitor the rating vide e-mail communications dated July 09, 2020, July 10, 2020 and July 14, 2020. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. 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. The rating on GSML bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to Garden Silk Mills Limited continues to factors in debt in debt servicing obligations as well as NPA classification by lenders. The company has been admitted into the Corporate Insolvency Resolution Process (CIRP).

Detailed description of the key rating drivers

Key Rating weakness:

Delay in debt servicing obligations

Due to the weakened liquidity position there are on-going delays in servicing of interest and default in repayment of debt obligation by the company. The company has initiated Corporate Insolvency Resolution Process as per NCLT order dated June 24, 2020. Further, as per exchange filing dated February 06, 2020 on BSE, the company has informed that Deed of Assignments of Debt was executed between lenders of the company and Invent Assets Securitization and Reconstruction Pvt. Ltd. (ARC) whereby consortium debt of Rs. 1679.87 crore payable by Garden Silk Mills Ltd. has been assigned in favour of Invent ARC.

Analytical approach: Standalone

Applicable criteria

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

[CARE's policy on Default recognition](#)

[Financials Ratio-Non Financial Sector](#)

[Rating of Short Term instruments](#)

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

[Rating Methodology – Manmade yarn manufacturing](#)

About the Company

Incorporated in 1979, Garden Silk Mills Limited (GSML) is engaged in manufacturing of polyester chips, polyester filament yarn and polyester textile fabrics. It manufactures synthetic fabric under the brand names, Garden and Vareli, they deal in wide range of Polyester Chips, Polyester Filament Yarns (PFY), Preparatory Yarns, Woven (grey) Fabric as well as Dyed and Printed Sarees and Dress

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

*Issuer did not cooperate, based on best available information

Materials The manufacturing facilities are located in Vareli (weaving unit) and Jolwa (manufacturing unit of chips and yarn), in Surat District. The company is currently under insolvency resolution process.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	3059.89	3505.80
PBILDT	185.78	194.85
PAT	-88.97	-89.77
Overall gearing (times)	NM	NM
Interest coverage (times)	0.95	0.93

A: Audited, NM: Not Meaningful

Status of non-cooperation with previous CRA: Not applicable

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	-	-	March 2023	1480.61	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	298.71	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	532.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	1480.61	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (15-May-19)	1)CARE D (21-Feb-19)	1)CARE D (14-Feb-18)
2.	Fund-based - LT-Cash Credit	LT	298.71	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (15-May-19)	1)CARE D (21-Feb-19)	1)CARE D (14-Feb-18)
3.	Non-fund-based - ST-BG/LC	ST	532.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (15-May-19)	1)CARE D (21-Feb-19)	1)CARE D (14-Feb-18)
4.	Non-fund-based - LT-Letter of credit	LT	-	-	-	-	-	1)Withdrawn (14-Feb-18)

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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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 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/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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

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.

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