

Gayatri Bio-Organics Limited

February 05, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	16.66 (reduced from 21.96)	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING; based on best available information
Short term Bank Facilities	10.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING; based on best available information
Total	26.66 (Rs. Twenty Six crore and Sixty Six lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Gayatri Bio-Organics Limited to monitor the ratings vide e-mail communications/letters dated from July 27, 2017 to January 05, 2018 and numerous telephonic interaction attempts. 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 publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Gayatri Bio-Organics Limited's bank facilities will now be denoted as **CARE D/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 ratings.

The ratings take into account the ongoing delays in debt servicing at the back of stretched liquidity position of the company.

Detailed description of the key rating drivers

Key Rating Weaknesses

Delays with respect to debt servicing on account of stretched liquidity position: The company has been facing stretched liquidity position which has led to delays in debt servicing at the back of losses resulting in erosion of networth.

Analytical approach:

Standalone

Applicable Criteria

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

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

[Financial ratios – Non-Financial Sector](#)

About the Company

Gayatri Bio-organics Ltd (GBL) was originally incorporated as Starchkem Industries Ltd in December 1991 by Mr. T. Sandeep Kumar Reddy (Present Chairman). GBL is a part of Hyderabad based Gayatri Group, which is in the business of infrastructure and civil constructions, sugar and hospitality. GBL is engaged in the business of manufacturing of Maize,

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

Starch, sorbitol (Sugar Alcohol), Liquid Glucose and other allied products having an installed capacity of 1,35,000 MTPA for maize crushing as on March 31, 2014.

GBL undertook backward integration and set up a maize crushing plant in 1998. However, the company could not tackle the increase in maize prices and sharp fall in selling price of finished goods (starch and sorbitol) and consequently incurred heavy losses which ultimately resulted in complete erosion of net worth of the company. GBL was registered as sick industrial company with Board for Industrial & Financial Reconstruction (BIFR) in 2000. The company subsequently made preferential allotment of equity shares to its promoters and M/s. Fursa Mauritius (Foreign Venture Capital Investor). Fursa continues to hold 36.33% of stake in GBL as on March 31, 2014. BIFR vide its order dated July 5, 2010, declared that GBL ceases to be a Sick Industrial Company as the company's net worth has turned positive and the company's revival is sustainable. In 2010, GBL acquired Devi Corn Products Limited (DCPL), a sick company which has its starch manufacturing unit with an installed capacity of 150 TPD at Balabhadrapuram, East Godavari District, Andhra Pradesh for net consideration of Rs.15.50 crore by way of term loans. DCPL also has a 1.5MW Co-generation Power Plant. GBL had entered into a Business Transfer Agreement (BTA) for transferring its business of manufacturing and selling starch, sorbitol and other by products along with selling its units i.e. Unit-I Situated at NH-9, Nandikandi Village, Sadasivapet Mandal, Medak District, Telangana and Unit-II Situated at Balabhadrapuram village, Biccavole Mandal, East Godavari District, Andhra Pradesh on a "Slump Sale" basis. In the process the Company has identified Bluecraft Agro Private Limited (BAPL). However, transfer of assets and liabilities pursuant to BTA entered with BAPL is still pending.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	0.00	0.00
PBILDT	0.00	0.00
PAT After Discontinuing Operations	-38.73	-82.62
Overall gearing (times)	NM	NM
Interest coverage (times)	NM	NM

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

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

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	-	-	January 2015	1.66	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	15.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	10.00	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; 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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	1.66	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (04-Nov-16)	1)CARE D (28-Jan-16)	1)CARE B (19-Sep-14)
2.	Fund-based - LT-Cash Credit	LT	15.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (04-Nov-16)	1)CARE D (28-Jan-16)	1)CARE B (19-Sep-14)
3.	Non-fund-based - ST-Letter of credit	ST	10.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (04-Nov-16)	1)CARE D (28-Jan-16)	1)CARE A4 (19-Sep-14)

*Issuer did not cooperate; Based on best available information

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