

Grasim Bhiwani Textiles Limited

December 13, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	-	-	Withdrawn
Short-term Bank Facilities	-	-	Withdrawn
Total Facilities	-		

Details of instruments/facilities in Annexure-1

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the ratings of “CARE AAA (SO) (Credit Watch with Negative Implications)” / “CARE A1+ (SO) (Credit Watch with Negative Implications)” [Triple A (Structured Obligation) (Credit Watch with Negative Implications) / A One Plus (Structured Obligation) (Credit Watch with Negative Implications)] assigned to the bank facilities of Grasim Bhiwani Textiles Limited (GBTL) with immediate effect.

The aforementioned ratings were assigned based on the Letter of Comfort provided by erstwhile promoter Grasim Industries Limited (Grasim) to the bank facilities of GBTL. On July 10, 2017, Grasim entered into a share transfer agreement for divestment of 100% holding in GBTL to Donear Group of Mumbai, consequent to which the ratings were put on “Credit Watch with Negative Implications”. Subsequent to the share transfer agreement, Grasim applied for withdrawal of Letter of Comfort provided to the bank facilities of GBTL.

The aforementioned Letter of Comfort was released by GBTL’s bankers thereby altering the structure of the bank facilities. Taking cognizance of this and as per the extant guidelines of CARE’s Policy on Withdrawal of ratings (<http://www.careratings.com/pdf/resources/CARECreditRatingProcess.pdf>), we hereby withdraw our rating for GBTL’s bank facilities, with immediate effect.

Analytical approach: Not Applicable

Applicable Criteria

[Policy on Withdrawal of ratings](#)

About the Company

GBTL is engaged in manufacturing of Polyester Viscose (PV) fabrics and its blends catering to market under brands “Grasim” and “Graviera”. GBTL plans to phase out the brand “Graviera” on account of lower demand for the products in the market. Located at Bhiwani (Haryana), the manufacturing facilities of GBTL comprise fibre dyeing, yarn spinning (capacity of 35,352 spindles), weaving (capacity of 144 looms) processing and folding (18 mn meters per year). The company also has a captive thermal power plant of 8 Mega-Watt (MW) capacity.

GBTL achieved total operating income of Rs.387.49 crore during FY17 (provisional; refers to period of April 01 to March 31) along with a net loss of Rs.0.95 crore (vis-à-vis total operating income of Rs.421.90 crore and net loss of Rs.10.89 crore during FY16 (Audited)).

Profile of erstwhile promoter Grasim Industries Limited

Grasim Industries Limited (Grasim; rated CARE AAA; Stable / CARE A1+) is the flagship company of the Aditya Birla group and ranks among India’s largest private sector companies. Grasim’s standalone businesses comprise Viscose Staple Fibre (VSF), Caustic Soda, Rayon-Grade Wood Pulp (RGWP), Viscose Filament Yarn, Fertilizers, Textiles and Insulators, with plants at multiple locations. Grasim has an aggregate VSF capacity of 498 kilo tonnes per annum (ktpa) and rayon grade caustic soda capacity of 840 ktpa (as on June 30, 2017). During FY15, Grasim had launched the brand ‘LIVA’ for VSF based products intensifying the efforts for product awareness, market expansion and establishing connect with the end customer.

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

In cement, Grasim, through its subsidiary UltraTech Cement Limited (UltraTech, rated CARE AAA; 60.29% stake), has a total capacity of 93 million tonnes per annum (mtpa) as on June 30, 2017 and is a leading player in India. Further, it also has a presence in Financial Services Industry through its subsidiary Aditya Birla Capital Limited and Telecom Industry through its associate Idea Cellular Limited (ICL; rated CARE AA+/ A1+ (Rating under watch with developing implications)).

Profile of Donear Industries Limited

Promoted by Vishwanath Agarwal in 1977 and Flagship Company of the Donear Group, Donear Industries Limited (Donear) is engaged in manufacturing and marketing of synthetic, cotton and blended fabrics mainly for suiting, shirting and trousers. The company operates through a network of wholesalers and franchise outlets (around 177), in addition to around eight owned stores. It has three manufacturing facilities one in Surat and two in Silvassa. The company's Surat facility is equipped to manufacture high value yarn dyed cotton shirting fabric for domestic and global institutional markets in addition to servicing domestic retail demand. Donear operates 421 looms with an estimated capacity of around 30 million meters per annum.

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-Cash Credit	-	-	-	23.50	CARE AAA (SO) (Under Credit watch with Negative Implications)
Non-fund-based - ST-BG/LC	-	-	-	10.00	CARE A1+ (SO) (Under Credit watch with Negative Implications)
Fund-based - LT-Term Loan	-	-	July 2021	21.95	CARE AAA (SO) (Under Credit watch with Negative Implications)
Fund-based - LT-Proposed fund based limits	-	-	-	9.00	Provisional CARE AAA (SO) (Under Credit watch with Negative Implications)
Fund-based - LT-Term Loan	-	-	-	15.00	Provisional CARE AAA (SO) (Under Credit watch with Negative Implications)
Commercial Paper	-	-	-	0.00	Withdrawn

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-Cash Credit	LT	-	-	1)CARE AAA (SO) (Under Credit watch with Negative Implications) (19-Jul-17)	1)CARE AAA (SO); Stable (31-Dec-16) 2)CARE AAA (SO) (04-Apr-16)	-	1)CARE AAA (SO) (08-Jan-15)
2.	Non-fund-based - ST-BG/LC	ST	-	-	1)CARE A1+ (SO) (Under Credit watch with Negative Implications) (19-Jul-17)	1)CARE A1+ (SO) (31-Dec-16) 2)CARE A1+ (SO) (04-Apr-16)	-	1)CARE A1+ (SO) (08-Jan-15)
3.	Fund-based - LT-Term Loan	LT	-	-	1)CARE AAA (SO) (Under Credit watch with	1)CARE AAA (SO); Stable (31-Dec-16)	-	1)CARE AAA (SO) (08-Jan-15)

					Negative Implications) (19-Jul-17)	2)CARE AAA (SO) (04-Apr-16)		
4.	Commercial Paper	ST	-	-	1)Withdrawn (19-Jul-17)	1)CARE A1+ (31-Dec-16) 2)CARE A1+ (04-Apr-16)	-	1)CARE A1+ (08-Jan-15) 2)CARE A1+ (15-Apr-14)
5.	Fund-based - LT-Proposed fund based limits	LT	-	-	1)Provisional CARE AAA (SO) (Under Credit watch with Negative Implications) (19-Jul-17)	1)Provisional CARE AAA (SO); Stable (31-Dec-16) 2)Provisional CARE AAA (SO) (04-Apr-16)	-	1)CARE AAA (SO) (In Principle) (08-Jan-15)
6.	Fund-based - LT-Term Loan	LT	-	-	1)Provisional CARE AAA (SO) (Under Credit watch with Negative Implications) (19-Jul-17)	1)Provisional CARE AAA (SO); Stable (31-Dec-16) 2)Provisional CARE AAA (SO) (04-Apr-16)	-	1)CARE AAA (SO) (In Principle) (08-Jan-15)

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