

Gujarat Foils Limited

February 14, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities – (Term Loans)	34.24 (34.24)	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information
Long-term Bank Facilities – (Fund Based)	105.00 (105.00)	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information
Short-term Bank Facilities – (Non- fund based)	105.00 (105.00)	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information
Total Bank Facilities	244.24 (Rs. Two Hundred Forty Four Crore and Twenty Four Lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Gujarat Foils Limited (GFL) to monitor the rating vide e-mail communications/ letters dated December 12, 2017; December 21, 2017 and January 19, 2018. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating. In line with the extant SEBI guidelines, CARE's rating on debt instruments of GFL 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.

The rating takes into account the ongoing delays in debt servicing by the company.

Detailed description of the key rating drivers

Delays in Debt Servicing: The heavy losses incurred during FY17 and H1FY18 have constrained the company's ability to service its debt in a timely manner and there have been continuing delays in servicing of debt obligations to the lenders and the account has become NPA. Moreover, "Hon'ble NCLT, Ahmedabad Bench, vide Order dated November 08, 2017 in CP. (IB) 116/7/NCLT/AHM/2017 has admitted Section 7 Petition under the Insolvency and Bankruptcy Code, 2016 filed by Allahabad Bank. In the terms of the said order, corporate insolvency resolution process in respect of the GFL has been commenced."

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)
[CARE's Policy on Default Recognition](#)

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

About the Company

Incorporated in 1992 as a public limited company, Gujarat Foils Limited (GFL) was acquired by Topworth Group in 2008. Mr. Abhay Lodha (promoter of the Topworth Group) is the Chairman of GFL and has more than a decade of experience in steel trading and manufacturing. GFL manufactures aluminium sheets and foils for industrial applications like bottle caps used in brewery and pharmaceutical packaging, heat exchanger fins of AC units, Eyelets used in footwear and garment sector, end caps of Tube lights used in electrical sector. Besides, GFL has presence in consumer products business with its embossed consumer house foil 'nutriwrap'. Also, in November 2014, the company ventured into a new activity in the consumer segment and commenced manufacturing of Semi-Rigid Containers (SRC), which are used mostly by restaurants to supply packaged food to cater to the orders from households. The SRC manufacturing unit is a leasehold premise at Bhiwandi, Maharashtra. As on March 2017, GFL has 28000 tonnes sheets and foils rolling capacity and 3600 tonnes pharmaceutical foil rolling capacity.

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	-	-	-	105.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	105.00	CARE D; ISSUER NOT COOPERATING*
Term Loan-Long Term	-	-	July, 2022	34.24	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-Cash Credit	LT	105.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (12-Sep-16)	1)CARE BBB (16-Nov-15) 2)CARE BBB (27-Oct-15)	1)CARE BBB (10-Mar-15)
2.	Non-fund-based - ST-BG/LC	ST	105.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (12-Sep-16)	1)CARE A3+ (16-Nov-15) 2)CARE A3+ (27-Oct-15)	1)CARE A3+ (10-Mar-15)
3.	Term Loan-Long Term	LT	34.24	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (12-Sep-16)	1)CARE BBB (16-Nov-15) 2)CARE BBB (27-Oct-15)	1)CARE BBB (10-Mar-15)

*Issuer did not cooperate; Based on best available information

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