

Gujarat Foils Limited

July 29, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Long-term Bank Facilities – (Term Loans)	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	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	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 facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 14, 2018, placed the ratings of Gujarat Foils Limited (GFL) under the 'Issuer non-cooperating' category as GFL had failed to provide information for monitoring of the rating. GFL continues to be non-cooperative despite repeated requests for submission of information through e-mails dated July 16, 2019, July 11, 2019, June 13, 2019 and June 06, 2019 and numerous phone calls. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information.

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

The ratings take into account the ongoing delays in debt servicing by the company.

Detailed description of the key rating drivers

At the time of last rating on February 14, 2018, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies, stock exchange filings):

Delays in Debt Servicing: The heavy losses incurred since FY17 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 continues to remain NPA. Moreover, pursuant to rejection of the resolution plan by the committee of creditors while under CIRP (Corporate Insolvency Resolution Process), on September 11, 2018, the RP (Resolution Professional) filed an application under IBC, 2016 for liquidation of the company at Hon'ble NCLT, Ahmedabad Bench, which is still pending for consideration.

Analytical approach: Standalone

Applicable Criteria

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

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

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

*Issuer did not cooperate; Based on best available information

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.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	219.26	58.21
PBILDT	-373.48	-26.23
PAT	-384.32	-29.34
Overall gearing (times)	NEG	NEG
Interest coverage (times)	NEG	NEG

A: Audited; NEG: Negative

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-Cash Credit	-	-	-	105.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	105.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Term Loan-Long Term	-	-	July, 2022	34.24	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	105.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (14-Feb-18)	1)CARE D (12-Sep-16)
2.	Non-fund-based - ST-BG/LC	ST	105.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (14-Feb-18)	1)CARE D (12-Sep-16)
3.	Term Loan-Long Term	LT	34.24	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (14-Feb-18)	1)CARE D (12-Sep-16)

*Issuer did not cooperate; Based on best available information

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

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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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