

## Gujarat Hy-Spin Limited

March 20, 2019

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long term Bank Facilities	28.77	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Long term / Short term Bank Facilities	2.00	CARE D/ CARE D; ISSUER NOT COOPERATING* (Single D / Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
<b>Total Facilities</b>	<b>30.77</b> <b>(Rupees Thirty</b> <b>crore and Seventy</b> <b>Seven Lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Gujarat Hy-Spin Limited (GHSL) to monitor the ratings vide e-mail communications/letters dated February 4, 2019, February 11, 2019, February 16, 2019, March 2, 2019, March 8, 2019 and numerous phone calls. 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 ratings on GHSL'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 revision in the rating assigned to the bank facilities of GHSL is primarily due to delay in servicing its debt obligations.

### Key rating weakness

#### **Ongoing delay in debt servicing:**

There are on-going delays in repayment of principle and interest amount of term loan due to weak liquidity position of the company.

**Analytical approach:** Standalone

### Applicable Criteria

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

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

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

[CARE's methodology for Cotton Industry](#)

[Rating Methodology-Manufacturing Companies](#)

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

[Criteria for Short Term Instruments](#)

### About the company

GHSL was incorporated as a private limited company on February 01, 2011 by Mr. Maganbhai Parvadia and Mr. Chandulal Parvadia, and converted to limited company on February, 2017. GHSL has two group concerns namely Gujarat Ginning & Oil Industry (CARE B+; stable) and Paras Cotton. The former is engaged in cotton ginning, pressing and crushing of oil seeds while the latter carries out trading of cotton seeds and cotton bales. GHSL has a spinning mill with an installed capacity of 17,952 spindles or 3,582 MTPA as on March 31, 2017 for manufacturing of cotton yarn having combed counts yarn of 30 at its Gondal plant (Gujarat). GHSL started commercial production from December, 2013.

<sup>2</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	52.04	54.43
PBILDT	8.59	6.97
PAT	0.05	0.40
Overall gearing (times)	1.57	1.34
Interest coverage (times)	2.83	2.66

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History (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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarification

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#### **About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over nearly 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	-	-	-	18.77	CARE D; ISSUER NOT COOPERATING Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	10.00	CARE D; ISSUER NOT COOPERATING Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information
Non-fund-based - LT/ST-Bank Guarantees	-	-	-	2.00	CARE D / CARE D; ISSUER NOT COOPERATING Issuer not cooperating; Revised from CARE BB-; Stable / CARE A4 on the basis of 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	18.77	CARE D; ISSUER NOT COOPERATING Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information	1)CARE BB-; Stable (04-Apr-18)	1)CARE BB- (10-Jul-17) 2)CARE BB-; ISSUER NOT COOPERATING (19-Apr-17)	1)CARE BB- (16-May-16)	1)CARE BB- (02-Mar-16) 2)Suspended (13-Jan-16)
2.	Fund-based - LT-Cash Credit	LT	10.00	CARE D; ISSUER NOT COOPERATING Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information	1)CARE BB-; Stable (04-Apr-18)	1)CARE BB- (10-Jul-17) 2)CARE BB-; ISSUER NOT COOPERATING (19-Apr-17)	1)CARE BB- (16-May-16)	1)CARE BB- (02-Mar-16) 2)Suspended (13-Jan-16)
3.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	2.00	CARE D / CARE D; ISSUER NOT COOPERATING Issuer not cooperating; Revised from CARE BB-; Stable / CARE A4 on the basis of best available information	1)CARE BB-; Stable / CARE A4 (04-Apr-18)	1)CARE BB- / CARE A4 (10-Jul-17) 2)CARE BB- / CARE A4; ISSUER NOT COOPERATING (19-Apr-17)	1)CARE BB- / CARE A4 (16-May-16)	1)CARE BB- / CARE A4 (02-Mar-16) 2)Suspended (13-Jan-16)
4.	Non-fund-based - ST-Working Capital Limits	ST	-	-	-	1)Withdrawn (10-Jul-17) 2)CARE A4; ISSUER NOT COOPERATING (19-Apr-17)	1)CARE A4 (16-May-16)	1)CARE A4 (02-Mar-16) 2)Suspended (13-Jan-16)

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