

Gujarat Raffia Industries Limited

June 11, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	14.04	CARE BB-; ISSUER NOT COOPERATING* (Double B Minus; ISSUER NOT COOPERATING)*	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	3.00	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING)*	Issuer not cooperating; Based on best available information
Total	17.04 (Rupees Seventeen crore and Four lakh only)		

Details of instruments/facilities in Annexure -1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Gujarat Raffia Industries Limited (GRIL) to monitor the ratings vide e-mail communications / letters dated April 03, 2018, April 04, 2018, April 06, 2018, April 11, 2018, numerous phone calls and final reminder letter dated April 20, 2018. 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 Gujarat Raffia Industries Limited's bank facilities and instruments will now be denoted as **CARE BB-/CARE A4; 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 takes into account modest scale of operations coupled with moderate profit margins, weak liquidity position in FY17 (refers to the period April 01 to March 31). Furthermore, the ratings continue to remained constrained due to susceptibility of margins to volatility in raw material.

The ratings, however, take comfort from the experienced promoters and established operations, comfortable capital structure and moderate debt coverage indicators.

The ability of GRIL to increase its scale of operations, profitability, improve capital structure & liquidity position are the key rating sensitivities.

Detailed description of the key rating drivers

At the time of last rating on May 09, 2017 the following were the rating strengths and weaknesses.

(Updated for the information available from Registrar of Companies)

Key Rating Weaknesses

Modest scale of operations coupled with moderate profit margins and moderate liquidity position

The scale of operations remained moderate as marked by total operating income of Rs.36.87 crore during FY17. The profit margins stood moderate marked by the PBILDT margin stood at 11.11% and PAT margin stood at 2.12% during FY17 while liquidity position remained weak marked by current ratio of 1.20 times as on March 31, 2017 and elongated operating cycle of 182 days during FY17.

Susceptibility of margins to volatile raw material prices

The major raw materials, i.e., plastic granules and master batches are the derivatives of crude oil and hence their prices vary with the fluctuations in international crude oil prices. Therefore, the operating margin of GRIL remains susceptible to any sharp movement in raw material prices.

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

*Issuer did not cooperate; Based on best available information

Key Rating Strengths

Experienced promoters and established operations

Mr. Pradeep Bhutoria is the key promoter of GRIL having wide industrial experience of more than 25 years in plastic industry. He is assisted by his son Mr. Abhishek Bhutoria and a well qualified and experienced senior level professional team.

Comfortable capital structure and moderate debt coverage indicators

Overall gearing stood comfortable at 0.82x as on March 31, 2017 due to high networth base as compared to low debt level. Further, the debt coverage indicators also stood moderate marked by total debt to GCA stood at 4.35x as on March 31, 2017.

Analytical Approach: Standalone

Applicable Criteria

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

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

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

[Criteria for Short Term Instruments](#)

[CARE's methodology for manufacturing companies](#)

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

About the Firm

Ahmedabad based Gujarat Raffia Industries Limited (GRIL) was incorporated in 1984, by Mr. Pradeep Bhutoria. GRIL is ISO 9001:2008 certified company engaged in manufacturing tarpaulin, polypropylene (PP) bags along with subsidiary products like stitching yarn, garbage bags. The manufacturing facility of GRIL is located in Gandhinagar.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	38.16	36.87
PBILDT	4.13	4.09
PAT	0.79	0.78
Overall gearing (times)	1.46	0.82
Interest coverage (times)	3.71	3.01

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. 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 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	-	-	January, 2020	6.04	CARE BB-; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	8.00	CARE BB-; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	3.00	CARE A4; 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 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	6.04	CARE BB-; ISSUER NOT COOPERATING*	-	1)CARE BB-; ISSUER NOT COOPERATING* (09-May-17)	1)CARE BB- (02-May-16)	1)CARE BB- (08-Feb-16)
2.	Fund-based - LT-Cash Credit	LT	8.00	CARE BB-; ISSUER NOT COOPERATING*	-	1)CARE BB-; ISSUER NOT COOPERATING* (09-May-17)	1)CARE BB- (02-May-16)	1)CARE BB- (08-Feb-16)
3.	Non-fund-based - ST-BG/LC	ST	3.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (09-May-17)	1)CARE A4 (02-May-16)	1)CARE A4 (08-Feb-16)

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