

## Mayur Ginning & Pressing Private Limited

July 10, 2020

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long term Bank Facilities	5.00	<b>CARE B; ISSUER NOT COOPERATING* (Single B; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING* (Single B Plus; ISSUER NOT COOPERATING); on the basis of best available information
Short term Bank Facilities	4.00	<b>CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)</b>	Issuer not cooperating; Based on best available information
<b>Total facilities</b>	<b>9.00 (Rupees Nine crore only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 04, 2019, placed the rating(s) of Mayur Ginning & Pressing Private Limited (MGPPPL) under the 'issuer non-cooperating' category as MGPPPL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. MGPPPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated June 12, 2020, June 16, 2020 and June 22, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

The rating assigned to the bank facilities of MGPPPL have been revised on account of non-availability of requisite information. The ratings also factored in decrease in its scale of operation with thin profit margins, moderate capital structure with weak debt coverage indicators during FY19(Audited, refers to period April 01 to March 31). the ratings also factored in susceptibility of its operating margins to cotton price fluctuation and seasonality associated with cotton industry. However ratings derives comfort from experienced promoters and location advantage.

### Detailed description of the key rating drivers

*At the time of last rating on September 04, 2019 the following were the rating strengths and weaknesses. (Updated as per information from company registrar)*

#### Key Rating Weaknesses

***Financial risk profile marked by decrease in scale of operation, thin profit margins, moderate capital structure and weak debt coverage indicators***

The scale of operation marked by total operating income of MGPPPL has registered a decline of 29% during FY19 on back of decrease in demand and remained modest at Rs. 12.66 crore as against Rs. 17.89 crore during FY18.

Further, profitability marked by PBILDT and PAT margins remained thin at 2.80% and 0.06% respectively in FY19 on account of low value addition nature of business along with presence in highly competitive industry.

As on March 31, 2019, capital Structure of MGPPPL remained moderate on back of moderate networth base marked by overall gearing ratio at 1.77 times as against 1.36 times as on March 31, 2018. Further, as a result of thin profitability with moderate gearing level, the debt coverage indicators have remained weak marked by an interest coverage ratio of 1.45 times and total debt to Gross cash accruals(TDGCA) ratio of 56.78x as on March 31, 2019 as against interest coverage ratio of 1.50 times and TDGCA of 34.60x as on March 31, 2018.

#### ***Operating margins susceptible to cotton price fluctuation and seasonality associated with cotton industry***

The profitability of MGPPPL is exposed to fluctuations in raw material prices, which is being an agricultural commodity its prices are volatile in nature and linked to production in the domestic market. Further, agro based industries have seasonality

<sup>1</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

associated with availability of raw materials due to different harvesting periods. Further, the supply of key raw materials is primarily dependent upon monsoon during a particular year.

### Key Rating Strengths

#### Experienced promoters

Mr B. S. Antroliya and Mr S. R. Antroliya, promoters of MGPPL possesses over two decades of experience in the cotton ginning and oil mill business thereby helping them to maintain long-term relationship with customers and with farmers who supply raw material to MGPPL.

#### Strategically located within cotton-producing belt of Gujarat

MGPPL's plant is located in cotton producing belt of Gujarat region which is the largest producer of raw cotton in India. MGPPL's presence in cotton producing region results in benefit derived from lower logistics expenditure (both on transportation and storage), easy availability and procurement of raw materials at effective price and consistent demand for finished goods resulting in sustainable revenue visibility.

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of Non Cooperation by Issuer](#)

[Criteria on assigning outlook to credit rating](#)

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

[Financial ratios-Non Financial Sector](#)

[Rating Methodology-Manufacturing Companies](#)

[Short Term Instruments](#)

[Rating Methodology-Cotton Textile Manufacturing](#)

### About the Firm

MGPPL was incorporated in August 1994 by Mr. B. S. Antroliya and Mr. S. R. Antroliya. The company is a manufacturer and exporter of cotton bales and cotton seeds and also operates a cotton seed oil crushing mill. MGPPL's unit is located in Junagadh district of Gujarat which is one of the prominent cotton producing regions of the state.

Brief Financials (Rs. crore)	FY18(A)	FY19 (A)
Total operating income	17.89	12.66
PBILDT	0.42	0.35
PAT	0.01	0.01
Overall gearing (times)	1.37	1.77
Interest coverage (times)	1.51	1.45

A: Audited

**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	-	-	-	5.00	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING*
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	4.00	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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	5.00	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; ISSUER NOT COOPERATING*	-	1)CARE B+; ISSUER NOT COOPERATING* (04-Sep-19)	1)CARE B+; ISSUER NOT COOPERATING* (14-Jun-18)	1)CARE B+; ISSUER NOT COOPERATING* (10-Apr-17)
2.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	4.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (04-Sep-19)	1)CARE A4; ISSUER NOT COOPERATING* (14-Jun-18)	1)CARE A4; ISSUER NOT COOPERATING* (10-Apr-17)

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**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 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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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**