

NSL Cotton Corporation Private Limited

August 11, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	25.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Short term Bank Facilities	0.16	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Total	25.16 (Twenty-five crore and sixteen lakh only)		

Details of instruments/facilities in Annexe-1

Detailed Rationale & Key Rating Drivers: CARE had, vide its press release dated June 21, 2019, placed the rating(s) of NSL Cotton Corporation Private Limited (NCCL) under the 'issuer non-cooperating' category as NCCL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. NCCL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated July 24, 2020 & July 30, 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).

Detailed description of the key rating drivers

At the time of last rating in last Press Release dated June 12, 2019, the following were the rating strengths and weakness (updated for the information available from Registrar of Companies)

Key Rating weakness

Closure of operations: As per the latest available information, the company has not had any operations in FY19.

Default in debt servicing: The company has defaulted on its debt obligations and has entered into an OTS agreement with its bankers and as per latest information available, the company has met its debt obligations in FY19.

Leveraged capital structure: Capital structure of the company further deteriorated and continued to remain highly leveraged with overall gearing of 11.01x as on March 31, 2019 and 13.03x as on March 31, 2018 vis-à-vis 6.65x as on March 31, 2017.

Analytical approach: Standalone

Applicable criteria

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

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

[Criteria for Short Term Instruments](#)

[CARE's methodology – Cotton Yarn](#)

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

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

*Issuer did not cooperate

About the company

Incorporated in 2007, NSL Cotton Corporation Pvt Ltd (NCCL) is in the trading of cotton bales, business of cotton ginning and pressing, and trading of cotton seeds & cotton bales. Earlier, NCCL was a wholly owned subsidiary of Nuziveedu Seeds Ltd (NSL-rated CARE A+; Stable), the flagship company of NSL Group. Post demerger of the NSL Group (from April 1, 2010), the shares of NCCL has been transferred to Mandava Holding Private Ltd., which is the holding company of NSL Group.

The NSL Group is diversified with business interests in Hybrid Seeds, Power, IT Parks, Cotton Spinning, Sugar, Ethanol, etc. NCCL has 11 subsidiary units with an aggregate capacity of 370 gins. Of the 11 subsidiary companies, nine are 100% subsidiary of NCCL and remaining two have 60% equity contribution from NCCL and the balance 40% is contributed by the local promoters. NCCL is primarily into trading of cotton bales.

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Brief Financials (Rs. crore)	FY17 (A)*	FY18 (A)*	FY 19 (A)*
Total operating income	23.10	0.85	0
PBILDT	5.29	-0.40	3.33
PAT	-0.75	-4.82	0.79
Overall gearing (times)	6.65	13.03	11.01
Interest coverage (times)	0.73	-0.09	1.47

A: Audited; * updated as per the financials available at Registrar of Companies

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	-	-	-	25.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	0.16	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 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	25.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (21-Jun-19)	-	1)CARE D; ISSUER NOT COOPERATING* (01-Mar-18)
2.	Non-fund-based - ST-BG/LC	ST	0.16	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (21-Jun-19)	-	1)CARE D; ISSUER NOT COOPERATING* (01-Mar-18)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable.

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-BG/LC	Simple

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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