

Shiva Speciality Yarns Limited

May 27, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	69.89	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; based on best available information
Short term Bank Facilities	1.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; based on best available information
Total	70.89 (Rs. Seventy crore and Eighty Nine lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 08, 2018 placed the rating(s) of Shiva Speciality Yarns Limited (SSYL) under the 'issuer non-cooperating' category as SSYL had failed to provide information for monitoring of the rating. SSYPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated May 20, 2019. 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 on March 08, 2018 the following were the rating weaknesses (updated for the information available from Registrar of Companies):

Key Rating Weaknesses

Ongoing delays in debt servicing: There are ongoing delays in the servicing of the debt obligation for the term loan and the cash credit facilities availed by the company.

Weak financial risk profile: The total operating income of the company declined by ~47% to Rs.50.06 crore in FY18 (refers to the period April 1 to March 31) from Rs. 95.09 cr. in FY17. The company continued to remain in losses at the net level. The reported net loss stood increased to Rs. 23.44 crore in FY18 from Rs.4.83 crore in FY17. Furthermore, the capital structure deteriorated as on March 31, 2018 owing to decline in net worth due to losses at the net level.

Working capital intensive nature of operations: The operating cycle of SSYL elongated to ~265 days as on March 31, 2018 from ~218 days as on March 31, 2017. The operations of the company therefore remain highly working capital intensive in nature with overdrawals in the cash credit limits for more than 30 days.

Analytical approach: Standalone

Applicable Criteria

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

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

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

[CARE's methodology for Cotton Yarn manufacturing Companies](#)

[CARE's methodology for Short Term Instruments](#)

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

²Complete 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

About the Company

Shiva Speciality Yarns Limited (SSYL), formerly known as Punjab Cotspin Limited, was incorporated in 2005. The company was promoted by the Singla family of Ludhiana and was engaged in the manufacturing of cotton yarn at its production facilities in Bhatinda, Punjab. It was subsequently acquired by the 'Shiva' Group in November, 2007. The product profile was changed to include synthetic yarns. Currently, SSYL manufactures mainly dyed polyester spun yarn, blended spun yarn and knitted cloth. It also engages in trading of polyester fibers. Almost all the raw material procurement viz. polyester staple fibers and acrylic fibers is done from other group concerns.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	95.09	50.06
PBILDT	6.85	-15.69
PAT	-4.83	-23.44
Overall gearing (times)	4.53	Nm
Interest coverage (times)	1.05	Nm

A: Audited, NM; Not meaningful

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-Term Loan	-	-	September-2022	29.97	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	39.92	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	1.00	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-Term Loan	LT	29.97	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (08-Mar-18)	1)CARE D (24-Jan-17)
2.	Fund-based - LT-Cash Credit	LT	39.92	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on	-	-	1)CARE D; ISSUER NOT COOPERATING* (08-Mar-18)	1)CARE D (24-Jan-17)

				best available information				
3.	Non-fund-based - ST-Bank Guarantees	ST	1.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE D; ISSUER NOT COOPERATING* (08-Mar-18)	1)CARE D (24-Jan-17)

*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.

Contact us

Media Contact

Mradul Mishra
 Contact no. – +91-22-6837 4424
 Email ID – mradul.mishra@careratings.com

Analyst Contact

Group Head Name – Mr. Sudeep Sanwal
 Group Head Contact no.: +91-0172-4904025
 Group Head Email ID- sudeep.sanwal@careratings.com

Business Development Contact

Name: Mr. Anand Jha
 Contact no. : +91-0172-4904000/1
 Email ID : anand.jha@careratings.com

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

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.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**