

Shiva Speciality Yarns Limited

August 20, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Ratings 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 Facilities	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 May 27, 2019, placed the rating of Shiva Speciality Yarns Limited (SSYL) under the 'issuer non-cooperating' category as SSYL had failed to provide information for monitoring of the rating. SSYL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated July 23, 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 on May 27, 2019 the following were the rating weaknesses (updated for the information available from Registrar of Companies).

Key Rating Weaknesses

Ongoing delays in the debt servicing: There are ongoing delays in the servicing of the debt obligations by SSYL. The company has been classified as Non-Performing Asset (NPA) by the bank.

Weak financial risk profile: The scale of operations of the company increased by ~48% on a year-on-year (y-o-y) basis to Rs. 74.27 cr. in FY19 (refers to the period April 1 to March 31) from Rs. 50.06 cr. in FY18. However, the losses reported at PBILDT level increased to Rs. 23.84 cr. in FY19 from Rs. 15.69 cr. in FY18. Consequently the net loss of SSYL stood at Rs. 29.17 cr. in FY19 compared to Rs. 23.44 cr. in FY18. Further, the solvency position of the company remained weak owing to continued losses at the net level, leading to negative networth, as on March 31, 2019.

Working capital intensive nature of operations: The operating cycle of SSYL remained elongated at ~98 days, as on March 31, 2019 (~265 days as on March 31, 2018).

Analytical approach: Standalone

Applicable Criteria

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

[CARE's policy on default recognition](#)

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

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

[CARE's methodology for Cotton Textile Manufacturing](#)

[Criteria for short term instruments](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

¹Complete definitions of the ratings assigned are available at www.careratings.com and 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)	FY18 (A)	FY19 (A)
Total operating income	50.06	74.27
PBILDT	-15.69	-23.84
PAT	-23.44	-29.17
Overall gearing (times)	Nm	Nm
Interest coverage (times)	Nm	Nm

A: Audited

Nm: Not meaningful

Status of non-cooperation with previous CRA: ICRA has suspended the ratings assigned to Shiva Speciality Yarns Limited vide its press release dated December 01, 2011.

SMERA has suspended the ratings assigned to Shiva Speciality Yarns Limited vide its press release dated July 15, 2015.

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*
Fund-based - LT-Cash Credit	-	-	-	39.92	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	1.00	CARE D; 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-Term Loan	LT	29.97	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (27-May-19)	-	1)CARE D; ISSUER NOT COOPERATING* (08-Mar-18)
2.	Fund-based - LT-Cash Credit	LT	39.92	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (27-May-19)	-	1)CARE D; ISSUER NOT COOPERATING* (08-Mar-18)
3.	Non-fund-based - ST-Bank Guarantees	ST	1.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (27-May-19)	-	1)CARE D; ISSUER NOT COOPERATING* (08-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/firm

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-Bank Guarantees	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.

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