

Press Release

Brickwork Ratings assigns ‘BWR B’ (Pronounced BWR B) rating and ‘BWR A4’ (Pronounced BWR A Four) rating for the Bank Facilities of ₹ 25.05 Crores for G.C. Threads Pvt. Ltd (GCTPL)

Bank Loan Rating: BWR B/A4

Outlook : Stable

BWR has principally relied upon the audited financial results up to FY12, half-yearly provisional results of FY13, projected financials of FY13, FY14 and FY15, publicly available information and information/clarification provided by the Company.

Facility	Limits (Rs.Crs)	Tenure	Rating
Fund Based - Cash Credit Term Loan	 5.00 19.50	 Long Term	<p align="center">BWR B (Pronounced BWR B) (Outlook-Stable)</p> <p>Credit facilities with this rating are considered to have High risk of default regarding timely servicing of financial obligations.</p>
Non Fund Based - Bank Guarantee	 0.55	 Short Term	<p align="center">BWR A4 (Pronounced BWR A 4) (Outlook-Stable)</p> <p>Credit facilities with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations.</p>

The rating has factored, inter alia, the promoters’ and management’s experience in the textile Industry and satisfactory operating margins. The rating is constrained by small scale of operations in the fragmented cotton yarn industry, high gearing and initial phase of the company with less than 1 year of operational experience.

Background

G.C. Threads Pvt. Ltd. was incorporated in the year 2010 to carry on the business as manufacturers of yarn - pure cotton yarn and blended cotton yarn, with either synthetic or polyester yarns. However, the commercial production of the Company commenced in January FY 2011-12. It is an open end textile unit based on rotors at Samana in Punjab. The company has eight machines with 416 rotors each aggregating 3328 rotors and manufacturer's cotton yarn of counts ranging from 14 to 28.

Financial Performance

G.C. Threads Pvt. Ltd. reported a profit after Tax (PAT) of Rs.0.06 Crs on an income of Rs.7.83 Crs in FY 12 (audited). The Company reported a Tangible Net worth of Rs.7.55 Crs in FY 12. In view of the recent origins of the Company, the financial trends are yet to show any direction.

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