July 01, 2020

CIL Nova Petrochemicals Limited: Ratings continue to remain under Non Cooperating category; ratings downgraded based on best available information

Summary of rated instruments

Instrument^	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based – Cash Credit	13.00	13.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB(CE)(Stable) and continues to remain under 'Issuer Not Cooperating' category
Non-Fund Based limits	15.65	15.65	[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A3+(CE) and continues to remain under 'Issuer Not Cooperating' category
Total	**28.65**	**28.65**	

^Instrument details are provided in Annexure-1; *Issuer did not cooperate; based on best available information;

Note: The (CE) suffix mentioned alongside the previous rating symbol indicated that the rated instrument/facility is backed by some form of explicit credit enhancement. Earlier, the rating symbol for this instrument/facility used to be accompanied by the (SO) suffix. This rating was specific to the rated instrument/facility, its terms and its structure and did not represent ICRA's opinion on the general credit quality of the entity concerned.

Rationale

As part of its process and in accordance with its rating agreement with CIL Nova Petrochemicals Limited (CNPL), ICRA has been trying to seek information from the entity so as to monitor its performance. But despite repeated requests by ICRA, the entity's management has remained non-cooperative. Accordingly, ICRA had migrated the entity's rating to the "Issuer Not Cooperating" (INC) category in February 2018. However, because of persistent non-cooperation by the entity with ICRA for a period of over six months, the ratings have now been downgraded to the non-investment grade from the investment grade. The rating action is in accordance with ICRA's policy in respect of non-cooperation by a rated entity, available at www.icra.in. Also, the rating action is in line with the circular issued by the Securities and Exchange Board of India (SEBI) [SEBI/HO/MIRSD/CRADT/CIR/P/2020/2] on January 3, 2020 and the subsequent clarifications from SEBI, in relation to the rating action prescribed for non-cooperating investment grade ratings. The lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

The previous detailed rating rationale is available on the following link: Click here

Liquidity position

Information not available

Rating sensitivities

Information not available

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity
Parent/Group Support	Parent/Group Company: Chiripal Industries Limited (CIL) The rating assigned to CNPL factors in the high likelihood of one of its parent, CIL, extending financial support to it because of close business linkages between them
Consolidation/Standalone	The rating is based on the standalone financial profile of the company

About the company

CIL Nova Petrochemicals Ltd (CNPL) was formed as part of the demerger from Nova Petrochemicals Ltd in 2007 and is engaged in the manufacturing of different type of synthetic yarn from polyester - Partially Oriented yarn (POY), Fully Drawn Yarn (FDY) Polyester Texturised Yarn (PTY) and Draw Texturised Yarn (DTY). The company also carries out trading of POY and FDY. The company is part of the Chiripal group of companies based out of Ahmedabad. The company's manufacturing premises are located at Moraiya near Ahmedabad. Total capacity of the plant is 28000 TPA.

Key financial indicators (Audited)

	FY2018	FY2019
Operating Income (Rs. crore)	243.7	249.0
PAT (Rs. crore)	1.3	-1.3
OPBDITA/ OI (%)	3.4%	2.0%
RoCE (%)	5.7%	2.6%
Total Outside Liabilities/Tangible Net Worth (times)	0.9	1.0
Total Debt/OPBDITA (times)	2.3	4.9
Interest Coverage (times)	2.1	1.3
DSCR (excl. STD/prepayments)	2.5	1.8

Source: Annual Reports

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for past three years

	Instrument	Current Rating (FY2021)				Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Rating	FY2020		FY2019	FY2018
					01-Jul-2020	14-Nov-2019	21-May-2019	-	12-Feb-2018
1	Fund Based - Cash Credit	Long Term	13.00	-	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB(CE) (Stable) ISSUER NOT COOPERATING	[ICRA]A-(SO) (Stable) ISSUER NOT COOPERATING	-	[ICRA]A-(SO) (Stable) ISSUER NOT COOPERATING
2	Non-Fund Based limits	Short Term	15.65	-	[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A3+(CE) ISSUER NOT COOPERATING	[ICRA]A2+(SO) ISSUER NOT COOPERATING	-	[ICRA]A2+(SO) ISSUER NOT COOPERATING

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund Based - Cash Credit	NA	NA	NA	13.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING
NA	Non-Fund Based limits	NA	NA	NA	15.65	[ICRA]A4+ ISSUER NOT COOPERATING

Source: CIL Nova Petrochemicals Limited

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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