

MG Tex Fab Private Limited

June 02, 2021

Ratings

| Facilities | Amount (Rs. crore) | Ratings ¹ | Rating Action |
|----------------------------|---|--|---|
| Long term Bank Facilities | 4.57 | CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable) |
| Short Term Bank Facilities | 0.16 | CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Total Facilities | 4.73 (Rs. Four Crore and Seventy-Three Lakhs Only) | | |

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated May 20, 2020, placed the rating(s) of MG Tex Fab Private Limited (MTFPL) under the 'issuer non-cooperating' category as MTFPL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. MTFPL continues to be non-cooperative despite repeated requests for submission of information through phone calls and email dated April 05, 2021, April 15, 2021, April 25, 2021.

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.

The rating assigned to the bank facilities of MTFPL have been revised on account non-availability of requisite information to carryout review. The revision also factored in decrease in total operating income in FY20 over FY19 along with reporting net loss in FY20 as against PAT reported in FY19.

Detailed description of the key rating drivers

Please refer to PR dated [May 20, 2020](#).

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of non-co-operation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

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

About the company

Incorporated in 2007, MG Tex Fab Private Limited (MTFPL) is engaged in the manufacturing of grey fabrics (viz French crepe, velvet, raw silk, etc.) from cotton and polyester yarn. MTFPL operates from its sole manufacturing facilities located at Surat (Gujarat) with total 92waterjet looms with an installed capacity of 120 lakh meters per annum as on March 31, 2017. Although, MTFPL was incorporated in 2007, the production commenced from October 2011. The key raw material i.e. cotton and polyester yarn is sourced entirely from domestic market (mainly Surat) and the revenues are also entirely earned from the domestic market (mainly from Gujarat, Rajasthan and Maharashtra).

¹Complete 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

Brief financials of MTFPL are tabulated below:

| Brief Financials (Rs. crore) | FY19 (A) | FY20 (A) |
|------------------------------|----------|----------|
| Total operating income | 20.66 | 13.17 |
| PBILDT | 1.86 | 1.55 |
| PAT | 0.54 | (0.05) |
| Overall gearing (times) | 0.94 | 0.55 |
| Interest coverage (times) | 3.38 | 3.52 |

A – Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Complexity level of various instruments rated for this company: Please refer Annexure-3

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 | - | - | December 2018 | 0.59 | CARE B; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Cash Credit | - | - | - | 3.00 | CARE B; Stable; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-BG/LC | - | - | - | 0.16 | CARE A4; ISSUER NOT COOPERATING* |
| Fund-based - LT-Term Loan | - | - | May 2021 | 0.98 | CARE B; Stable; 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 2021-2022 | Date(s) & Rating(s) assigned in 2020-2021 | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 |
| 1. | Fund-based - LT-Term Loan | LT | 0.59 | CARE B; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable; ISSUER NOT COOPERATING* (20-May-20) | - | 1)CARE BB-; Stable; ISSUER NOT COOPERATING* (20-Feb-19) |
| 2. | Fund-based - LT-Cash Credit | LT | 3.00 | CARE B; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable; ISSUER NOT COOPERATING* (20-May-20) | - | 1)CARE BB-; Stable; ISSUER NOT COOPERATING* (20-Feb-19) |
| 3. | Non-fund-based - ST-BG/LC | ST | 0.16 | CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE A4; ISSUER NOT COOPERATING* (20-May-20) | - | 1)CARE A4; ISSUER NOT COOPERATING* (20-Feb-19) |
| 4. | Fund-based - LT-Term Loan | LT | 0.98 | CARE B; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B+; Stable; ISSUER NOT COOPERATING* (20-May-20) | - | 1)CARE BB-; Stable; ISSUER NOT COOPERATING* (20-Feb-19) |

*Issuer did not cooperate; based on best available information

Annexure 3: 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. | Fund-based - LT-Term Loan | Simple |
| 3. | 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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