

Rajvir Industries Limited

July 07, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	172.51	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	10.00	CARE D / CARE D; ISSUER NOT COOPERATING* (Single D / Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	182.51 (Rs. One Hundred Eighty- Two Crore and Fifty-One Lakhs Only)		

Details of instruments/facilities in Annexure-1
Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated January 02, 2019, placed the rating(s) of Rajvir Industries Limited. (Rajvir) under the 'issuer non-cooperating' category as Rajvir had failed to provide information for monitoring of the rating. Rajvir continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated April 13, 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(s).

Detailed description of the key rating drivers

At the time of last rating on May 08, 2020 the following were the rating strengths and weaknesses (updated for the information available from BSE):

Key Rating Weaknesses

Delays in debt servicing owing to weak liquidity position: There are continuing delays in debt servicing on account of liquidity constraint. Also, the auditor has reported delays in the Audit Report for FY20. The company has registered a net loss of Rs 29.48 crore in FY20 when compared to loss of Rs 37.08 crore in FY19

Weak financial risk profile and cash losses for FY19:

The capital structure of the company is highly leveraged with entire net worth of the company having been eroded owing to accumulated losses. The company is reporting loss at operating level for last two years. The company has reported cash losses for FY19 backed by low operating margins coupled with high capital charge.

Working capital intensive nature of operations: Spinning is primarily a working capital-intensive business as the raw material availability is seasonal which results in high inventory holding period. Further, the procurement is primarily on cash basis which results in high working capital utilization during the months of availability which is October to April.

Key Rating Strengths

Established track record of promoters: IL is promoted by Mr. U.K. Agarwal. Mr. Agarwal has more than 40 years of experience in cotton industry. He is the Chairman of the company and has expertise in cotton selection process. Mr. Ritesh K. Agarwal is the Managing Director and looks after all the managerial activities handling departments including marketing, finance, exports and production. The board of RIL also comprises of Sri. K. C. Reddy, Mr. Vijay Kumar Gupta and Ms. Padma Vijay. By virtue of being in the industry for about four decades, the promoters have established long standing relationship with a diversified customer base

Analytical approach: Standalone

Applicable Criteria

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

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

[Criteria for Short Term Instruments](#)

[Rating Methodology - Manufacturing Companies](#)

[Rating Methodology for Cotton Textile Manufacturing](#)
[Liquidity Analysis of Non-Financial Sector Entities](#)

About the Company

Rajvir Industries Limited (RIL) was incorporated on September 1, 2004. RIL is engaged in manufacturing of cotton yarn, mélange, synthetics, modal, dyed products, compact yarn, flame-retardant, supima, silk, wool, cashmere and angora blend with its facilities located in Mahboobnagar (one unit), Tandur (one unit) and a dyeing plant at Mahboobnagar. The company has facilities from ginning to spinning of different kinds (raw white, mélange) and varied counts (10-40, 20-25, 10-60, 40-60 etc.). The company has range that covers everything from 100% cotton/ organic/fair-trade/combed yarns, blended yarns (polyester, viscose, modal, spun silk and flame- retardant) etc. As on March 31, 2017 the company has installed capacity of 1, 11,840 spindles.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	58.12	35.48
PBILDT	-16.71	-7.15
PAT	-37.08	-29.48
Overall gearing (times)	-2.72	-1.68
Interest coverage (times)	-0.99	-0.40

A: Audited

Status of non-cooperation with previous CRA: CRISIL vide PR dated February 27, 2021 continues the rating of Rajvir Industries Limited under “Issuer Not cooperating” category.

Any other information:

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in 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	-	-	March 2024	56.22	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Funded Interest term Loan	-	-	March 2024	14.16	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	49.53	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Letter of credit	-	-	-	10.00	CARE D / CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Working capital Term Loan	-	-	-	52.60	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 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	56.22	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (08-May-20)	-	1)CARE D; ISSUER NOT COOPERATING* (02-Jan-19)
2.	Fund-based - LT-Funded Interest term Loan	LT	14.16	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (08-May-20)	-	1)CARE D; ISSUER NOT COOPERATING* (02-Jan-19)
3.	Fund-based - LT-Cash Credit	LT	49.53	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (08-May-20)	-	1)CARE D; ISSUER NOT COOPERATING* (02-Jan-19)
4.	Non-fund-based - LT/ ST-Letter of credit	LT/ST	10.00	CARE D / CARE D; ISSUER NOT COOPERATING*	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (08-May-20)	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (02-Jan-19)
5.	Fund-based - LT-Working capital Term Loan	LT	52.60	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (08-May-20)	-	1)CARE D; ISSUER NOT COOPERATING* (02-Jan-19)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA**Annexure- 4 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-Funded Interest term Loan	Simple
3.	Fund-based - LT-Term Loan	Simple
4.	Fund-based - LT-Working capital Term Loan	Simple
5.	Non-fund-based - LT/ ST-Letter of credit	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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