

Paras Ram Textiles Private Limited

April 12, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.58	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Short Term Bank Facilities	0.01	CARE A4; ISSUER NOT COOPERATING* (A FOUR; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	10.59 (Rs. Ten Crore and Fifty nine lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 24, 2020, placed the rating of Paras Ram Textiles Private Limited under the 'issuer non-cooperating' category as PRTPL had failed to provide information for monitoring of the rating. PRTPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated March 15, 2021, March 12, 2021, March 11, 2021 and March 10, 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 ratings.

Detailed description of the key rating drivers

The long-term rating has been revised by taking into account non-cooperation by PRTPL with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. The rating assigned to PRTPL continues to remain constrained due to small scale of operations, weak overall solvency position, elongated operating cycle and highly competitive and fragmented nature of the industry. However, the rating derives strength from experienced promoters and established track record of operations and favorable location of operations.

Key Rating Weaknesses

Small scale of operations

The company's scale of operations has remained small marked by Total Operating Income (TOI) of Rs. 36.99 crore in FY20 (PY: 37.54 crore in FY19).

Weak overall solvency position and elongated operating cycle

The capital structure of the company remained leveraged with overall gearing ratio of 3.36x, as on March 31, 2020 (PY:3.20x in FY19).

Furthermore, the debt coverage indicators also stood weak marked by total debt to GCA at 19.41x and interest coverage ratio at 1.56x for FY20 (PY: 16.16x and 1.68x, respectively).

The operating cycle of the company stood elongated at 184 days in FY19 (PY: 158 days).

Highly competitive and fragmented nature of the industry

The textiles industry is one of the most fragmented industries primarily due to lower amount of investment required in setting up the units. Also, there is huge competition from various organized and unorganized players.

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

Key Rating Strengths

Experienced promoters and established track record of operations

The company is currently being managed by Mr Ved Prakash Batra, Mr Ramesh Batra, Mr Narender Batra and Mr Vijay Batra. All the promoters of the company have an experience of around three decades in the textile industry through their association with “Paras Ram Textiles Mills” and PRT.

Favorable location of operations

Ludhiana is a well-established hub of manufacturing of textile products. The company benefits from the location advantage in terms of easy accessibility to large customer base located in Ludhiana. Additionally, various raw materials required in the manufacturing of textiles are readily available owing to established supplier base in the same location as well.

Analytical approach: Standalone

Applicable Criteria:

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

[Criteria on assigning Rating Outlook and Credit Watch'](#)

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

[Rating Methodology- manufacturing companies](#)

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

[Criteria for Short term instruments](#)

[Liquidity analysis of Non-financial sector entities](#)

About the company

Paras Ram Textiles Private Limited (PRT), incorporated in February 1995, is currently being managed by Mr. Ved Prakash Batra, Mr. Ramesh Batra, Mr. Narender Batra and Mr. Vijay Batra. The business operations were previously being managed through a proprietorship firm under the name of “Paras Ram Textiles Mills” since 1974 and the business was subsequently taken over by PRT in 1995. The company is engaged in the manufacturing of fabrics which mainly includes knitted fabric and acrylic fabric as well as other textile products like blankets, ladies suits, T-shirts and shawls at its manufacturing facility situated in Ludhiana, Punjab with varying installed capacity of each product.

Brief Financials (Rs. crore)	31-03-2019	31-03-2020
	A	A
Total operating income	37.54	36.99
PBILD	2.93	3.11
PAT	0.44	0.37
Overall gearing (times)	3.20	3.36
Interest coverage (times)	1.68	1.56

A: Audited

Status of non-cooperation with previous CRA: NA

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	-	-	October, 2020	0.58	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	10.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	0.01	CARE A4; 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	0.58	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Feb-20)	1)CARE B+; Stable (26-Mar-19) 2)CARE B+; Stable (04-Apr-18)
2.	Fund-based - LT-Cash Credit	LT	10.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Feb-20)	1)CARE B+; Stable (26-Mar-19) 2)CARE B+; Stable (04-Apr-18)
3.	Non-fund-based - ST-Bank Guarantees	ST	0.01	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Feb-20)	1)CARE A4 (26-Mar-19) 2)CARE A4 (04-Apr-18)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated facilities: Not Applicable

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-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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