

Rajvir Industries Limited

July 13, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	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 Facilities	182.51 (₹ 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 June 12, 2022. 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 July 07, 2021 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 37.84 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 Strength

Established track record of promoters: Rajvir 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 Rajvir 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

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Analytical approach: Standalone

Applicable Criteria

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

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Manufacturing Companies](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

About the Company

Rajvir Industries Limited (Rajvir) was incorporated on September 1, 2004. Rajvir 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 (₹ crore)	31-03-2020 (A)	31-03-2021	31-03-2022	Q1FY23
Total operating income	35.48	NA	NA	NA
PBILDT	-7.15	NA	NA	NA
PAT	-29.48	NA	NA	NA
Overall gearing (times)	-1.68	NA	NA	NA
Interest coverage (times)	-0.40	NA	NA	NA

A: Audited

Status of non-cooperation with previous CRA: CRISIL continues to categorize rating assigned to the bank facilities of Rajvir under non-cooperation category vide PR dated April 30, 2022, on account of its inability to carry out a rating exercise in the absence of the requisite information from the company

Any other information: Not Applicable

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

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ 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		-	-		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*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	56.22	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (07-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (08-May-20)	-
2	Fund-based - LT-Funded Interest term Loan	LT	14.16	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (07-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (08-May-20)	-
3	Fund-based - LT-Cash Credit	LT	49.53	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (07-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (08-May-20)	-
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* (07-Jul-21)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (08-May-20)	-
5	Fund-based - LT-Working capital Term Loan	LT	52.60	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (07-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (08-May-20)	-

*Long term/Short term.

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 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

Annexure-5: Bank lender details for this companyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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