

Sintex Industries Limited

May 16, 2022

Ratings

Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debenture (NCD) issue	500.00 (Rupees Five Hundred Crore only)	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Limited (CARE) had, vide its press release dated January 04, 2018, placed the rating of Sintex Industries Limited (SIL) under the 'issuer not cooperating' category as SIL 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. CARE had further reviewed the rating on the above NCD issue of SIL under the 'issuer non-cooperating' category vide its press release dated May 17, 2018, July 26, 2018, May 29, 2019, June 10, 2019, June 12, 2019, June 11, 2020, and May 18, 2021. SIL continues to be non-cooperative despite repeated requests for submission of information through e-mails dated April 03, 2022, April 13, 2022 and April 23, 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).

The rating of the NCD issue of SIL continues to be constrained due to ongoing delay/ default in debt servicing arising out of its stressed liquidity.

Detailed description of the key rating drivers

At the time of last rating on May 18, 2021, the following was the rating weakness (updated for the information available from stock exchange):

Key Rating Weakness

Continuing delay/ default in debt servicing obligation

As per the published quarterly results of the SIL for the period ended December 31, 2021, the company has delayed payment of interest/repayment of principal amount on loan from banks/ financial institutions as on December 31, 2021. Further, as per SIL's submission to the stock exchange on April 01, 2022, the company has defaulted on repayment of its NCD issues (ISIN - INE429C07040, INE429C07057, INE429C07065) as on March 31, 2022. The above-mentioned delay/ default in debt servicing indicates stress on SIL's liquidity arising from its weak operational and financial performance during FY21 (FY; refers to period April 1 to March 31) and 9MFY22. The company reported a net loss and cash loss in FY21 and 9MFY22.

Further, the National Company Law Tribunal (NCLT), Ahmedabad Bench vide order dated April 06, 2021, has initiated Corporate Insolvency and Resolution Process (CIRP) against SIL u/s 7 of the Insolvency and Bankruptcy Code, 2016 and has also appointed an Interim Resolution Professional. Resolution plan submitted by Reliance Industries Limited (RIL; rated: CARE AAA; Stable/ CARE A1+) jointly with Assets Care & Reconstruction Enterprise Limited has been duly approved by the Committee of Creditors (CoC) members on March 19, 2022. NCLT hearing is scheduled on May 30, 2022 for considering/reviewing the Resolution Plan.

Analytical approach: Consolidated; while assessing the credit risk profile of SIL, CARE has considered the consolidated financials of SIL which also includes its wholly owned subsidiary, BVM Overseas Limited (engaged in trading of cotton yarn).

Applicable Criteria

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

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

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

*Issuer did not cooperate; Based on best available information

[Rating Methodology: Consolidation](#)
[Financial ratios – Non-Financial Sector](#)
[CARE's methodology for manufacturing companies](#)
[CARE's methodology for Cotton Textile companies](#)

About the Company

Incorporated in 1931, SIL commenced its operations with its textile mill at Kalol in Gujarat and diversified into manufacturing of water storage tanks in 1975. Previously, till FY16 (refers to the period April 1 to March 31), SIL had three business segments i.e. Textile, Plastic and Infrastructure. However, under the composite scheme of arrangement amongst various Sintex group companies, SIL had demerged its Plastic and Infrastructure business with effect from April 1, 2016 and continued with textile business. Currently, SIL manufactures and processes high-end structured dyed yarn fabric and cotton yarn. In April 2016, SIL commissioned a green field project of cotton yarn manufacturing at Amreli, Saurashtra by installing 306,432 spindles (Phase – I) having an installed capacity to produce 62,500 Metric Tonne Per Annum (MTPA) of cotton yarn. Further, SIL also commissioned Phase – II of the cotton yarn project with another 306,432 spindles during FY18. As per last available information, SIL was also undertaking capex of 1,52,000 spindles towards linen, melange, silk, wool and other value-added yarns which was expected to be commissioned by H1FY20.

Consolidated Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	9MFY22 (UA)
Total operating income	1,731	1,749	2,098
PBILDT	(321)	190	353
PAT	(1,256)	(1,306)	(455)
Overall gearing (times)	2.10	3.54	NA
Interest coverage (times)	-ve	0.24	0.58

A: Audited; UA: Un-audited; NA: Not Available

Status of non-cooperation with previous CRA: Brickwork vide its PR dated April 20, 2022, has continued the rating of SIL under 'Issuer Not Cooperating category' in absence of adequate information.

Any other information: Not Applicable

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

Covenants of rated instrument / facility: Not meaningful

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

Annexure-1: Details of Instruments

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non-Convertible Debentures	INE429C07040	June 11, 2014	10.70	June 11, 2021	112.50	CARE D; ISSUER NOT COOPERATING*
Debentures-Non-Convertible Debentures	INE429C07057	September 30, 2014	10.70	September 30, 2021	137.50	CARE D; ISSUER NOT COOPERATING*
Debentures-Non-Convertible Debentures	INE429C07065	October 08, 2015	9.41	October 8, 2020	250.00	CARE D; ISSUER NOT COOPERATING* CARE D; ISSUER NOT COOPERATING*

* Issuer not cooperating; based on best available information

Annexure-2: Rating History of last three years

S r. N o.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Debentures-Non Convertible Debentures	LT	112.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-May-21)	1)CARE D; ISSUER NOT COOPERATING* (11-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (12-Jun-19) 2)CARE C; Negative; ISSUER NOT COOPERATING* (10-Jun-19) 3)CARE B; Negative; ISSUER NOT COOPERATING* (29-May-19)
2	Debentures-Non Convertible Debentures	LT	137.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-May-21)	1)CARE D; ISSUER NOT COOPERATING* (11-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (12-Jun-19) 2)CARE C; Negative; ISSUER NOT COOPERATING* (10-Jun-19) 3)CARE B; Negative; ISSUER NOT COOPERATING* (29-May-19)
3	Debentures-Non Convertible Debentures	LT	250.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (18-May-21)	1)CARE D; ISSUER NOT COOPERATING* (11-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (12-Jun-19) 2)CARE C; Negative; ISSUER NOT COOPERATING* (10-Jun-19) 3)CARE B; Negative; ISSUER NOT COOPERATING* (29-May-19)

* Issuer not cooperating; based on best available information

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

Sr. No	Name of instrument	Complexity level
1	Debentures-Non-Convertible Debentures	Simple

Annexure 4: Bank Lender Details for this Company

To 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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About CARE Ratings Limited:

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