

Sintex Industries Limited

May 18, 2021

Ratings

Instruments	Amount (Rs. crore)	Ratings 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*)	Issuer not cooperating; Based on best available information

Details of instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated January 04, 2018, placed the rating of Sintex Industries Limited (SIL) under the 'issuer non-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 and June 11, 2020. SIL continues to be non-cooperative despite repeated requests for submission of information through phone calls and a letter/email dated April 27, 2021 and May 07, 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).

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

Key Rating Weaknesses

Continuing delay/ default in debt servicing obligation

As per SIL's submission to the stock exchange on April 07, 2021, the company has defaulted on payment of interest/repayment of principal amount on loan from banks/ financial institutions aggregating Rs.3,420.34 crore. Moreover, as per stock exchange announcement dated March 30, 2021 by SIL, the company has defaulted in the coupon payment on its NCD issue (ISIN - INE429C07057) which was due on March 30, 2021. Further, there are delays in debt servicing of bank facilities availed by SIL.

The above-mentioned delay/ default in debt servicing indicates stress on SIL's liquidity arising from its weak operational and financial performance during FY20 (FY; refers to period April 1 to March 31) and 9MFY21. The company reported a net loss and cash loss in FY20 and 9MFY21.

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.

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

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

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

[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

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

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.

(Rs. Crore)

Brief Financials of SIL (Consolidated)	FY19 (Audited)	FY20 (Audited)
Total operating income (TOI)	3,354	1,731
PBILDT	473	(321)
PAT	22	(1,256)
Overall Gearing (times)	1.53	2.10
Interest coverage (times)	2.10	-ve

During 9MFY21, as per un-audited consolidated results, SIL reported a net loss of Rs.1,162 crore on total operating income of Rs.1,006 crore as against net loss of Rs.962 crore on total operating income of Rs.1,290 crore in 9MFY20.

Status of non-cooperation with previous CRA: Brickwork vide its PR dated April 19, 2021, has continued the rating of SIL under 'Issuer Not Cooperating category' in absence of adequate information.

Any other information: Not Applicable

Rating History (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

Name of the Instrument	ISIN No.	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*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument	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.	Debentures-Non-Convertible Debentures	LT	112.50	CARE D; ISSUER NOT COOPERATING *	-	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)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (26-Jul-18) 2)CARE BBB; Negative; ISSUER NOT COOPERATING* (17-May-18)
2.	Debentures-Non-Convertible Debentures	LT	137.50	CARE D; ISSUER NOT COOPERATING *	-	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)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (26-Jul-18) 2)CARE BBB; Negative; ISSUER NOT COOPERATING* (17-May-18)
3.	Debentures-Non-Convertible Debentures	LT	250.00	CARE D; ISSUER NOT COOPERATING *	-	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)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (26-Jul-18) 2)CARE BBB; Negative; ISSUER NOT COOPERATING* (17-May-18)

*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.	Debentures-Non-Convertible Debentures	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.

Contact us

Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – mradul.mishra@careratings.com

Analyst Contact

Krunal Modi

Contact No. – +91-79-40265614 / +91-8511190084

Email: krunal.modi@careratings.com

Relationship Contact

Deepak Prajapati

Contact no. – +91-79-4026 5656

Email ID – deepak.prajapati@careratings.com

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

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**