

Shree Rajasthan Syntex Limited

May 20, 2022

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	20.35	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short-term Bank Facilities	29.50	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	49.85 (Rupees Forty-Nine Crore and Eighty-Five Lakhs only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Limited (CARE) had, vide its press release dated February 25, 2021, placed the ratings of Shree Rajasthan Syntex Limited (SRSL) under the 'issuer not cooperating' category as SRSL had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. SRSL continues to be non-cooperative and has not submitted the requisite information despite repeated requests through e-mails dated January 11, 2022, January 21, 2022 and January 31, 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 ratings of the bank facilities of SRSL continue 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 February 25, 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 SRSL for the period ended December 31, 2021, the company has defaulted in repayment of its debt obligations as on December 31, 2021. The above-mentioned default in debt servicing indicates stress on SRSL'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, as per SRSL's submission to the stock exchange on May 05, 2022, financial creditor i.e. Bank of Baroda filed a petition on May 04, 2022 u/s 7 of the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal, Jaipur Bench alleging default in payment of bank loans.

Analytical approach: Standalone

Applicable Criteria

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

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

[Criteria for Short Term Instruments](#)

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

[CARE's methodology for manufacturing companies](#)

[Rating Methodology – Manmade Yarn Manufacturing](#)

About the Company

Incorporated in 1979, SRSL is engaged in the manufacturing of synthetic (grey as well as dyed) blended yarn, cotton yarn and Polypropylene Multi Filament (PPMF) yarn. SRSL manufactures yarn in the range of 18-30 counts. As on March 31, 2019, SRSL had an installed capacity of total 79,800 spindles for synthetic blended yarn and cotton yarn and 2,400 Metric Tonnes Per Annum (MTPA) for PPMF yarn at its Dungarpur, Rajasthan based manufacturing facility.

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

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	9MFY22 (UA)
Total operating income	70.97	36.63	38.46
PBILDT	(2.27)	(3.17)	(2.96)
PAT	(21.70)	(24.14)	(19.12)
Overall gearing (times)	NM	NM	NA
Interest coverage (times)	-ve	-ve	-ve

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

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Covenants of rated instrument / facility: Not applicable

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

Annexure-1: Details of Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - ST-Bill Discounting/ Purchasing	-	-	-	-	19.50	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	January 2027	15.35	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits	-	-	-	-	5.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Working Capital Limits	-	-	-	-	10.00	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	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	19.50	CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D; ISSUER NOT COOPERATING* (25-Feb-21) 2)CARE D; ISSUER NOT COOPERATING* (25-Feb-21)	1)CARE D (11-Feb-20)
2	Fund-based - LT-Term Loan	LT	15.35	CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D; ISSUER NOT COOPERATING* (25-Feb-21) 2)CARE D; ISSUER NOT COOPERATING* (25-Feb-21)	-
3	Fund-based - LT-Working Capital Limits	LT	5.00	CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D; ISSUER NOT COOPERATING* (25-Feb-21) 2)CARE D; ISSUER NOT COOPERATING* (25-Feb-21)	-
4	Non-fund-based - ST-Working Capital Limits	ST	10.00	CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D; ISSUER NOT COOPERATING* (25-Feb-21) 2)CARE D; ISSUER NOT COOPERATING* (25-Feb-21)	-

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
5	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (25-Feb-21) 2)CARE D (25-Feb-21)	1)CARE D (11-Feb-20)
6	Non-fund-based - ST-Working Capital Limits	ST	-	-	-	-	1)CARE D (25-Feb-21) 2)Withdrawn (25-Feb-21)	1)CARE D (11-Feb-20)
7	Fund-based - LT-Working Capital Limits	LT	-	-	-	-	1)Withdrawn (25-Feb-21) 2)CARE D (25-Feb-21)	1)CARE D (11-Feb-20)
8	Fixed Deposit	LT	-	-	-	-	1)Withdrawn (25-Feb-21) 2)CARE D (FD) (25-Feb-21)	1)CARE D (FD) (11-Feb-20)

* 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	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
4	Non-fund-based - ST-Working Capital Limits	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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