

Viraat Textiles

June 24, 2021

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.94	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	0.80	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	6.74 (Rs. Six Crore and Seventy- Four Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated April 29, 2020, placed the rating(s) of Viraat Textiles (VTS) under the 'issuer non-cooperating' category as VTS had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. VTS continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated March 15, 2021, March 25, 2021 and April 04, 2021, etc. 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 has been revised on account of non-availability of requisite information and no due diligence conducted due to non-cooperation by VTS 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. Further, the rating continues to remain constrained by cyclicity associated with textile sector coupled with highly fragmented nature of fabric processing industry and partnership nature of constitution. The ratings, however, draw comfort from experienced partners.

Detailed description of the key rating drivers

At the time of last rating on [April 29, 2020](#), the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Cyclicity associated with textile sector coupled with highly fragmented nature of fabric processing industry

Indian textile industry is inherently cyclical in nature. Any adverse changes in the global economic outlook as well as demand-supply scenario in the domestic market directly impacts demand of the textile industry. Further, the fabric processing industry in India is highly fragmented and dominated by a large number of independent and small scale unorganized players leading to high competition among industry players. Smaller companies like VTS are more vulnerable to intense competition and have limited pricing flexibility as compared with larger companies who have better efficiencies and pricing power considering their scale of operations.

Partnership nature of constitution

VTS's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partners' capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partners. Moreover, partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision of the lenders.

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 partners

VTS is currently being managed by Mr. Vikram Takkar, Mr. Varun Takkar and Mr. Anant Prakash Sikri. Mr. Vikram Takkar has a work experience of around one and a half decades and Mr. Varun Takkar has a work experience of around one decade through their association with VTS and ST Dyeing. Mr. Anant Prakash Sikri has a work experience of around three and a half decades through his association with VTE, Anant Jewellers and other regional entities engaged in the dyeing business.

Location advantage

VTS is engaged in dyeing of yarn and all types of fabric at its facility located in Ludhiana, Punjab which is a major hub of textile industry in India. Hence, VTS's presence in this region results in benefit being derived from easy availability of material with lower transportation cost. The firm mainly procures raw material from Ludhiana itself. Thus, VTS's presence in the major hub of textile industry in India ensures regular supply of goods at low transportation cost.

Analytical approach: Standalone

Applicable Criteria

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

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

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

[Rating Methodology – textile sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

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

[Criteria for Short Term Instruments](#)

About the firm

Viraat Textiles (VTS) was established in December 2012 as a partnership firm by Mr. Vikram Takkar, Mr. Varun Takkar and Mr. Anant Prakash Sikri sharing profit and losses in the ratio 1:1:2 respectively. However, the operations of the firm commenced in September 2014. The firm is engaged in dyeing of yarn and all types of fabric on job work basis at its facility in Ludhiana, Punjab. The firm procures its raw material in the form of chemicals locally from Punjab while the yarn and fabric is provided to the firm by its customers only. The firm has two group concerns namely ST Dyeing and Anant Jewellers. ST Dyeing was established in 2000 as a partnership firm and is engaged in dyeing of yarn and fabric. Anant Jewellers was established in 1997 as a partnership firm and is engaged in manufacturing and trading of jewellery.

Covenants of rated instrument / facility: Not Applicable

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	11.62	14.21
PBILDT	1.65	1.99
PAT	0.09	0.77
Overall gearing (times)	1.75	1.57
Interest coverage (times)	3.58	8.32

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

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	-	-	November, 2023	4.44	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	1.50	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	0.80	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	4.44	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (29-Apr-20)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (18-Feb-19)
2.	Fund-based - LT-Cash Credit	LT	1.50	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (29-Apr-20)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (18-Feb-19)
3.	Non-fund-based - ST-Bank Guarantees	ST	0.80	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (29-Apr-20)	-	1)CARE A4; ISSUER NOT COOPERATING* (18-Feb-19)

*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 firm**

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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