

## Rajvir Industries Limited

January 02, 2019

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	172.51	<b>CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING)</b>	Issuer not cooperating; Based on best available information
Long-term/Short-term Bank Facilities	10.00	<b>CARE D/CARE D; ISSUER NOT COOPERATING (Single D/Single D; ISSUER NOT COOPERATING)</b>	Issuer not cooperating; Based on best available information
<b>Total Facilities</b>	<b>182.51 (Rs. One hundred eighty-two crore and fifty-one lakh only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking for information from Rajvir Industries Limited (RIL) to monitor the ratings vide-mail communications dated July 18, 2018, August 3, 2018, October 26, 2018, November 1, 2018, November 9, 2018, November 16, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Rajvir Industries Limited bank facilities and will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING\***.

**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 take into account delays in debt servicing owing to stretched liquidity position.

### Detailed description of the key rating drivers

*(At the time of last rating on September 22, 2017, the following were the key rating strengths and weaknesses (Updated from information available from Stock Exchange)*

#### Key Rating Weaknesses

**Delays in debt servicing owing to weak liquidity position:** There are delays in debt servicing on account of liquidity constraint. The company continued to incur cash losses during FY18 which has led to stretched liquidity position and consequently delays. The operating cycle for the company has deteriorated further from 107 days in FY17 to 112 days in FY18 leading to a stretched inventory & collection period, which is currently at 202 & 43 days respectively. The free cash & bank balances (excluding margin money) as on March 31, 2018 are Rs.12.27 crore

**Weak financial risk profile and cash losses for FY18:** The capital structure of the company is highly leveraged with entire networth of the company having been eroded owing to accumulated losses. The PBILDT interest coverage also deteriorated to 0.09x in FY18, due to weak profitability margins, the debt coverage indicators have been adversely affected.

The operating margins of the company also declined significantly during FY18. The company has reported cash losses for FY18 backed by low operating margins coupled with high capital charge. The company has incurred net loss of Rs.24.97 crore for FY18.

**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 Strengths

**Established track record of promoters:** RIL 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 MD and looks after all the managerial activities handling departments including marketing,

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

\*Issuer did not cooperate; Based on best available information

finance, exports and production. The board of RIL 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.

**Analytical approach:** Standalone

**Applicable Criteria**

Policy in respect of Non-cooperation by issuer

CARE's Policy on Default Recognition

Criteria for Short Term Instruments

Rating Methodology - Manufacturing Companies

Rating Methodology-Cotton Yarn Industry

Financial ratios – Non-Financial Sector

**About the Company**

Rajvir Industries Limited (RIL) was incorporated on September 1, 2004. RIL is engaged in manufacturing of cotton yarn, melange, synthetics, modal, dyed products, compact yarn, flame-retardant, supima, silk, wool, cashmere and angora blend with its facilities located in Mahboobnagar (one unit), Tundur (one unit) and a dyeing plant at Mahboobnagar. The company has facilities from ginning to spinning of different kinds (raw white, melange) 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.

The company also has massive collection that encompasses over 8,000 melange/heather shades. The Managing Director (MD) of the company is Mr. Ritesh K. Agarwal who looks after all the managerial activities for departments including marketing, finance, exports and production. The company also exports to various countries like Bangladesh, Argentina, Peru, Poland, Germany, and Sri Lanka.

<b>Brief Financials (Rs. crore)</b>	<b>FY17 (A)</b>	<b>FY18 (A)</b>
Total operating income	153.89	94.15
PBILDT	17.55	1.54
PAT	-12.93	-24.97
Overall gearing (times)	43.09	-8.00
Interest coverage (times)	0.95	0.09

A: Audited

**Status of non-cooperation with previous CRA:** CRISIL vide Press Release dated August 30, 2018 continues the ratings of Rajvir Industries Limited under 'Issuer not cooperating' category

**Any other information:** Not Applicable

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

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Analyst Contact:**

Name: Ms Radhika Ramabhadran

Tel: 040-6900-0516

Mobile: +91 8008883012

Email: [radhika.ramabhadran@careratings.com](mailto:radhika.ramabhadran@careratings.com)

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.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 credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

**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	-	-	March 2024	56.22	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Funded Interest term Loan	-	-	March 2024	14.16	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	49.53	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - LT/ ST-Letter of credit	-	-	-	10.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Working capital Term Loan	-	-	-	52.60	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	56.22	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (22-Sep-17)	1)CARE B-; Stable (02-Dec-16)	-
2.	Fund-based - LT-Funded Interest term Loan	LT	14.16	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (22-Sep-17)	1)CARE B-; Stable (02-Dec-16)	-
3.	Fund-based - LT-Cash Credit	LT	49.53	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (22-Sep-17)	1)CARE B-; Stable (02-Dec-16)	-
4.	Non-fund-based - LT/ST-Letter of credit	LT/ST	10.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D / CARE D (22-Sep-17)	1)CARE B-; Stable / CARE A4 (02-Dec-16)	-
5.	Fund-based - LT-Working capital Term Loan	LT	52.60	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (22-Sep-17)	1)CARE B-; Stable (02-Dec-16)	-

**CONTACT****Head Office Mumbai**

**Ms. Meenal Sikchi**  
Cell: + 91 98190 09839  
E-mail: [meenal.sikchi@careratings.com](mailto:meenal.sikchi@careratings.com)

**Ms. Rashmi Narvankar**  
Cell: + 91 99675 70636  
E-mail: [rashmi.narvankar@careratings.com](mailto:rashmi.narvankar@careratings.com)

**Mr. Ankur Sachdeva**  
Cell: + 91 98196 98985  
E-mail: [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)

**Mr. Saikat Roy**  
Cell: + 91 98209 98779  
E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)

**CARE Ratings Limited**

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)

**AHMEDABAD**

**Mr. Deepak Prajapati**  
32, Titanium, Prahaladnagar Corporate Road,  
Satellite, Ahmedabad - 380 015  
Cell: +91-9099028864  
Tel: +91-79-4026 5656  
E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)

**BENGALURU**

**Mr. V Pradeep Kumar**  
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
No. 30, M.G. Road, Bangalore - 560 001.  
Cell: +91 98407 54521  
Tel: +91-80-4115 0445, 4165 4529  
Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

**CHANDIGARH**

**Mr. Anand Jha**  
SCF No. 54-55,  
First Floor, Phase 11,  
Sector 65, Mohali - 160062  
Chandigarh  
Cell: +91 85111-53511/99251-42264  
Tel: +91- 0172-490-4000/01  
Email: [anand.jha@careratings.com](mailto:anand.jha@careratings.com)

**CHENNAI**

**Mr. V Pradeep Kumar**  
Unit No. O-509/C, Spencer Plaza, 5th Floor,  
No. 769, Anna Salai, Chennai - 600 002.  
Cell: +91 98407 54521  
Tel: +91-44-2849 7812 / 0811  
Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

**COIMBATORE**

**Mr. V Pradeep Kumar**  
T-3, 3rd Floor, Manchester Square  
Puliakulam Road, Coimbatore - 641 037.  
Tel: +91-422-4332399 / 4502399  
Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

**HYDERABAD**

**Mr. Ramesh Bob**  
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
Hyderabad - 500 029.  
Cell : + 91 90520 00521  
Tel: +91-40-4010 2030  
E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)

**JAIPUR**

**Mr. Nikhil Soni**  
304, Pashupati Akshat Heights, Plot No. D-91,  
Madho Singh Road, Near Collectorate Circle,  
Bani Park, Jaipur - 302 016.  
Cell: +91 – 95490 33222  
Tel: +91-141-402 0213 / 14  
E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)

**KOLKATA**

**Ms. Priti Agarwal**  
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
10A, Shakespeare Sarani, Kolkata - 700 071.  
Cell: +91-98319 67110  
Tel: +91-33- 4018 1600  
E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)

**NEW DELHI**

**Ms. Swati Agrawal**  
13th Floor, E-1 Block, Videocon Tower,  
Jhandewalan Extension, New Delhi - 110 055.  
Cell: +91-98117 45677  
Tel: +91-11-4533 3200  
E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)

**PUNE**

**Mr. Pratim Banerjee**  
9th Floor, Pride Kumar Senate,  
Plot No. 970, Bhamburda, Senapati Bapat Road,  
Shivaji Nagar, Pune - 411 015.  
Cell: +91-98361 07331  
Tel: +91-20- 4000 9000  
E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

CIN - L67190MH1993PLC071691