

**Rajvir Industries Limited**  
**May 08, 2020**

**Ratings**

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

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated January 02, 2019, placed the rating(s) of Rajvir Industries Limited (RIL). Under the 'issuer non-cooperating' category as RIL had failed to provide information for monitoring of the rating. RIL continues to be non-cooperative despite repeated requests for submission of information through e-mails including and an email dated April 17, 2020. 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).**

**Detailed description of the key rating drivers**

*At the time of last rating on January 02, 2019, the following were the rating strengths and weaknesses (updated for the information available from BSE)*

**Key Rating Weaknesses**

**Delays in debt servicing owing to weak liquidity position:** There are continuing delays in debt servicing on account of liquidity constraint. Also, the auditor has reported delays in the Audit Report for FY19. The company has registered a net loss of Rs 37.08 crore in FY19 when compared to loss of Rs 21.71 crore in FY18.

**Weak financial risk profile and cash losses for FY19:**

The capital structure of the company is highly leveraged with entire net worth of the company having been eroded owing to accumulated losses. The PBILDT interest coverage also deteriorated to -0.99x in FY19 (PY: 0.09x), 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 FY19 backed by low operating margins coupled with high capital charge.

**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:** IL 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 Managing Director and looks after all the managerial activities handling departments including marketing, 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

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

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

**Analytical approach:** Standalone

### Applicable Criteria

- [Policy in respect on Non-cooperation by issuer](#)
- [Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)
- [CARE's Policy on Default Recognition](#)
- [Rating Methodology for Cotton Textile Manufacturing](#)
- [Financial ratios –Non-Financial Sector](#)
- [Criteria for Short Term Instruments](#)

### About the Company

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

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	94.15	58.12
PBILDT	1.54	-16.71
PAT	-21.71	-37.08
Overall gearing (times)	-8.00	-2.72
Interest coverage (times)	0.09	-0.99

A: Audited

**Status of non-cooperation with previous CRA:** CRISIL vide PR dated November 30, 2019 continues the rating of Rajvir Industries Limited under "Issuer Not cooperating" category.

**Any other information:** NA

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

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

### 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

\*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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
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; ISSUER NOT COOPERATING* (02-Jan-19)	1)CARE D (22-Sep-17)
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; ISSUER NOT COOPERATING* (02-Jan-19)	1)CARE D (22-Sep-17)
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; ISSUER NOT COOPERATING* (02-Jan-19)	1)CARE D (22-Sep-17)
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; ISSUER NOT COOPERATING* (02-Jan-19)	1)CARE D / CARE D (22-Sep-17)
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; ISSUER NOT COOPERATING* (02-Jan-19)	1)CARE D (22-Sep-17)

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

### Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA

**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.

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