

## Ramayani Creations

July 11, 2018

### Ratings

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Long term Bank Facilities	15.00	CARE B; ISSUER NOT COOPERATING (Single B; Issuer not Cooperating)	Issuer not Cooperating; Revised from CARE B+; Issuer not Cooperating (Single B Plus; Issuer not Cooperating)
Total	15.00 (Rs. Fifteen Crore Only)		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Ramayani Creations to monitor the rating(s) vide e-mail communications/ letters dated June 04, 2018, May 25, 2018 and May 15, 2018 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines CARE's rating on Ramayani Creation's bank facilities will now be denoted as **CARE B; 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 rating has been revised by taking into account non-availability of information and no due-diligence conducted due to non-cooperation by Ramayani Creations 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.

### Detailed description of the key rating drivers

*At the time of last rating on March 29, 2017 the following were the rating strengths and weaknesses*

#### Key rating weaknesses

**Post implementation project risk associated with newly setup debt-funded manufacturing unit:** The firm had incurred an expenditure of Rs.12.87 crore for setting up of unit and the same has been funded through term loan of Rs.8.50 crore and balance is funded through partners contribution (including unsecured loans) and term loans of Rs.4.37 crore and Rs.8.50 crore respectively. The firm commenced its commercial operations from September, 2015. Being a new unit, the stabilization and streamlining of production remains to be seen. Furthermore, the operations of the firm are at a nascent stage and have achieved a total operation income of Rs.3.50 crore from September 01, 2015 till December 31, 2015.

**Presence in competitive industry and cyclical textile processing industry along with associated regulatory risk:** The textile processing industry is highly fragmented in nature due to the presence of large number of unorganized players leading to high competition in the industry. Smaller standalone processing units are more vulnerable to intense competition, which constrains their profitability as compared to larger integrated textile companies who have better operating efficiencies. Furthermore, textile is a cyclical industry and closely follows the macroeconomic business cycles. The prices of raw materials and finished goods are also determined by global demand-supply scenario. Hence, any shift in the macroeconomic environment globally would have an impact on the domestic textile industry.

Further, the textile processing units use various chemicals for dyeing and printing process, which generate polluted water and air that needs to be treated before their disposal. Hence, textile processing units require compliance with stringent

<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

pollution control norms set by the regulatory authorities and any violation in compliance with these norms or any further strengthening of these norms may adversely impact RMC's operations.

**Key Rating Strengths**

**Experienced partners in textile industry:** RMC is promoted by Mr Jitender Bansal, Mr Sanjeev Jindal, Mr Vipin Mehta and Mr Sunil Gupta. Mr Jitender Bansal, Mr Sanjeev Jindal and Mr Vipin Mehta have more than one and a half decade of experience in manufacturing of readymade garments through their association with Instyle Embroideries Private Limited (ISE), engaged in similar line of business. Mr Sunil Gupta also has close to two decades of experience in textile industry through his association with other family concern i.e. Shubh Laxmi Embroideries. Furthermore, being a group entity, RMC is expected to benefit from the marketing setup and established relationships of ISE with its customers and suppliers which have been in the textile industry since, 1998.

**Analytical approach:**

Standalone

**Applicable Criteria**

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

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

[Rating Methodology – Manufacturing Companies](#)

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

**About the Company**

Bhiwadi-based, (Rajasthan) RMC was established as a partnership firm in 2015, by Mr Jitender Bansal, Mr Sanjeev Jindal, Mr Vipin Mehta and Mr Sunil Gupta with equal profit loss sharing ratio. RMC was established with an objective to manufacture readymade garments for ladies. The firm is setting up a manufacturing unit at Bhiwadi, Rajasthan. The commercial operations are expected to commence from June, 2015.

**Status of non-cooperation with previous CRA:**

Not Applicable

**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.

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**\*\*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	-	-	-	12.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating
Fund-based - LT-Cash Credit	-	-	-	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating

#### 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	12.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating	-	-	1)CARE B+; ISSUER NOT COOPERATING* (29-Mar-17)	1)CARE B+ (27-Jan-16)
2.	Fund-based - LT-Cash Credit	LT	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating	-	-	1)CARE B+; ISSUER NOT COOPERATING* (29-Mar-17)	1)CARE B+ (27-Jan-16)

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CIN - L67190MH1993PLC071691