

**Ramayani Creations**  
 December 08, 2020

**Ratings**

Facilities / Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	15.00	CARE C; ISSUER NOT COOPERATING* (Single C ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B (Single B)
Total Facilities	15.00 (Rs. Fifteen Crore Only)		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated October 16, 2019, placed the rating(s) of Ramayani Creations (RMC) under the 'issuer non-cooperating' category as Ramayani Creations had failed to provide information for monitoring of the rating. Ramayani Creations continues to be non-cooperative despite repeated requests for submission of information through e-mail communications/ letters dated Nov 11, 2020, Nov 10, 2020, Nov 06, 2020, Nov 04, 2020 and numerous phone calls. 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. Further, the banker could not be contacted.

The rating on the firm's bank facilities will now be denoted as **CARE C; 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 have 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. Further the rating is constrained by the firm's post implementation project risk associated with newly setup debt-funded manufacturing unit and presence in competitive industry and cyclical textile processing industry along with associated regulatory risk. The ratings however, draw comfort from experienced partners in the textile industry.*

**Detailed description of the key rating drivers**

*At the time of last rating on October 16, 2019 the following were the rating weaknesses and strengths:*

**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.

<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

## Key Rating Strengths

### **Experienced partners in textile industry**

The firm 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](#)

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

[Liquidity analysis of Non-financial sector entities](#)

[Rating Methodology – Manufacturing Companies](#)

### **About the Firm**

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.

Brief Financials (Rs. crore)	(Rs. Cr)	
	FY17 (Proj.*)	FY18 (Proj.*)
Total operating income	12.25	12.91
PBILDT	3.57	3.82
PAT	1.03	1.15
Overall gearing (times)	1.44	1.08
Interest coverage (times)	3.62	3.55

\*Projections

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

**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	-	-	-	12.50	CARE C; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	2.50	CARE C; 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 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	12.50	CARE C; ISSUER NOT COOPERATING*	-	1)CARE B; ISSUER NOT COOPERATING* (16-Oct-19)	1)CARE B; ISSUER NOT COOPERATING* (11-Jul-18)	-
2.	Fund-based - LT-Cash Credit	LT	2.50	CARE C; ISSUER NOT COOPERATING*	-	1)CARE B; ISSUER NOT COOPERATING* (16-Oct-19)	1)CARE B; ISSUER NOT COOPERATING* (11-Jul-18)	-

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

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable**
**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	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](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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**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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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**