

Ramayani Creations

October 16, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	15.00	CARE B; ISSUER NOT COOPERATING* (Single B; Issuer not Cooperating*)	Issuer not Cooperating; Based on best available information
Total	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 July 11, 2018, placed the ratings of Ramayani Creations 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-mails, phone calls and a letter/email dated September 13, 2019 and September 10, 2019. 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 ratings.

Detailed description of the key rating drivers

At the time of last rating on July 11, 2018 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.

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 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.

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

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**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	-	-	December, 2020	12.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	2.50	CARE B; 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	12.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; ISSUER NOT COOPERATING* (11-Jul-18)	-	1)CARE B+; ISSUER NOT COOPERATING* (29-Mar-17)
2.	Fund-based - LT-Cash Credit	LT	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; ISSUER NOT COOPERATING* (11-Jul-18)	-	1)CARE B+; ISSUER NOT COOPERATING* (29-Mar-17)

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

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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