

S.R. Industries Limited

June 30, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Ratings Action
Long-term Bank Facilities	29.33	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	1.75	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Long/Short term Bank Facilities	1.00	CARE D/ CARE D; ISSUER NOT COOPERATING* (Single D/ Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total	32.08 (Rupees Thirty Two crore and Eight lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated April 02, 2019, placed the rating of S.R. Industries Limited (SRIL) under the 'issuer non-cooperating' category as SRIL had failed to provide information for monitoring of the rating. SRIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated June 15, 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 April 02, 2019 the following was the rating weaknesses (updated for the information available from stock exchange):

Key Rating Weaknesses

Ongoing delays in debt servicing: There are ongoing delays in the servicing of the debt obligations by SRIL. The company has been classified as Non-Performing Asset (NPA) by the banks.

Weak financial risk profile: The financial risk profile of the company remained weak, marked by small and declining scale of operations with negative networth. During FY19 (refers to the period April 1 to March 31), the total income of SRIL declined by ~33% on a year-on-year (y-o-y) basis to Rs. 25.59 cr. from Rs. 38.12 cr. in FY18. SRIL reported losses at PBILDT level in FY19 compared to profits in FY18. The company continued to be in losses at net level which increased in FY19 on a y-o-y basis. Further, the solvency position of the company remained weak owing to losses at the net level, leading to negative networth, as on March 31, 2019.

During 9MFY20 (Unaudited), the operating income of the company declined by ~30% on a y-o-y basis to Rs.14.95 cr. from Rs. 21.46 cr. in the same period last year. The company remained in losses at net level in 9MFY20 (Unaudited).

Analytical approach: Standalone

Applicable Criteria

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

[CARE's policy on default recognition](#)

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

[CARE's methodology for manufacturing companies](#)

[Criteria for Short Term Instruments](#)

¹Complete definitions of the ratings assigned are available at www.careratings.com and other CARE publications

*Issuer did not cooperate; Based on best available information

About the Company

Established in 1989, SRIL is engaged in manufacturing of sports footwear, chappals and sandals at its manufacturing unit located in Una, Himachal Pradesh. The company was set up by Mr R C Mahajan and Mr Yash Mahajan in 1989 for manufacturing of terry towel. The Terry Towel business was subsequently sold in FY13 and the company started manufacturing of footwears. Apart from contract manufacturing, SRIL also manufactures footwear business under its own brand name 'Red Zone' and 'Front Foot'.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	38.12	25.59
PBILDT	2.42	-13.26
PAT	-4.08	-17.35
Overall gearing (times)	Nm	Nm
Interest coverage (times)	0.56	-2.56

A: Audited; Nm: Not meaningful

Status of non-cooperation with previous CRA: CRISIL has conducted the review on the basis of best available information and has classified the S.R. Industries Limited as "Not cooperating" vide its press release dated November 19, 2019.

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	-	-	January-2019	11.33	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	18.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Standby Line of Credit	-	-	-	0.40	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	-	-	-	1.35	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based/Non-fund-based-LT/ST	-	-	-	1.00	CARE D / 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	11.33	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (02-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (08-Aug-17)
2.	Fund-based - LT-Cash Credit	LT	18.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (02-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (08-Aug-17)
3.	Fund-based - ST- Standby Line of Credit	ST	0.40	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (02-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (08-Aug-17)
4.	Non-fund-based - ST-Letter of credit	ST	1.35	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (02-Apr-19)	1)CARE D (06-Apr-18)	1)CARE D (08-Aug-17)
5.	Fund-based/Non-fund-based-LT/ST	LT/ST	1.00	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (02-Apr-19)	1)CARE D / CARE D (06-Apr-18)	1)CARE D / CARE D (08-Aug-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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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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