

## Shree Rajasthan Syntex Limited

February 11, 2020

### Ratings

Facilities / Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long-term Bank Facilities	92.10	CARE D (Single D)	Reaffirmed
Short-term Bank Facilities	40.42 (reduced from Rs.42.42 crore)	CARE D (Single D)	Reaffirmed
<b>Total Facilities</b>	<b>132.52</b> <b>(Rupees One Thirty Two crore and Fifty Two lakh only)</b>		
Fixed Deposits (Instrument)	3.4531	CARE D (FD) [Single D (Fixed Deposit)]	Reaffirmed
<b>Total Instruments</b>	<b>3.4531</b> <b>(Rupees Three Crore Forty Five Lakh Thirty One Thousand only)</b>		

Details of facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

The ratings for the bank facilities and instruments of Shree Rajasthan Syntex Limited (SRSL) continue to take into account the on-going delays in servicing of its debt obligations owing to its subdued operating performance over the last five years along with cash loss reported by it in FY18, FY19 and H1FY20, resulting in inadequate cash flows to meet operational and debt servicing requirements.

### Key Rating Sensitivities

#### Positive Factors

- Sustained track record of timely servicing of debt obligations for a period of at least 90 days

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

**On-going delays in servicing of debt obligations:** There are on-going delays in servicing of SRSL's debt obligations owing to the subdued performance of the company over the last five years ended FY19 along with net loss in the past and cash loss reported by it in FY18, FY19 and H1FY20, resulting in inadequate cash flows to meet operational and debt servicing requirements.

**Analytical approach:** Standalone

#### Applicable Criteria

#### CARE's Policy on Default Recognition

#### Criteria for Short Term Instruments

#### Rating Methodology -Manufacturing Companies

#### Financial ratios – Non-Financial Sector

#### Rating Methodology – Manmade Yarn Manufacturing

### About the Company

Incorporated in 1979, Shree Rajasthan Syntex Limited (SRSL) is engaged in the manufacturing of synthetic (grey as well as dyed) blended yarn, cotton yarn and Polypropylene Multi Filament (PPMF) yarn. SRSL manufactures yarn in the range of 18-30 counts. As on March 31, 2019, SRSL had an installed capacity of total 79,800 spindles for synthetic blended yarn and cotton yarn and 2,400 Metric Tonnes Per Annum (MTPA) for PPMF yarn at its Dungarpur, Rajasthan based manufacturing facility.

Brief financials of SRSL are tabulated below:

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	227.91	174.01
PBILD	5.49	-10.14
PAT	(5.73)	-17.73
Overall gearing (times)	4.00	10.39
Interest coverage (times)	0.39	-0.64

A: Audited

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

Further, during H1FY20, SYPL reported a total operating income of Rs.37.68 crore with net loss of Rs.10.37 crore.

**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	NA	NA	2027	41.73	CARE D
Non-fund-based - ST-Working Capital Limits	NA	NA	NA	20.92	CARE D
Fund-based - LT-Working Capital Limits	NA	NA	NA	50.37	CARE D
Fund-based - ST-Bills discounting/ Bills purchasing	NA	NA	NA	19.50	CARE D
Fixed Deposit	NA	NA	2021	3.45	CARE D (FD)

NA: Not Applicable

**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	41.73	CARE D	-	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)	1)CARE BB- (06-Oct-16)
2.	Non-fund-based - ST-Working Capital Limits	ST	20.92	CARE D	-	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)	1)CARE A4 (06-Oct-16)
3.	Fund-based - LT-Working Capital Limits	LT	50.37	CARE D	-	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)	1)CARE BB- (06-Oct-16)
4.	Fixed Deposit	LT	3.45	CARE D (FD)	-	1)CARE D (FD) (15-Nov-18)	1)CARE D (FD) (14-Jul-17)	1)CARE BB- (FD) (06-Oct-16)
5.	Fund-based/Non-fund-based-Short Term	ST	-	-	-	1)Withdrawn (15-Nov-18)	1)CARE D (14-Jul-17)	1)CARE A4 (06-Oct-16)
6.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	19.50	CARE D	-	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)	1)CARE A4 (06-Oct-16)

**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.

## Contact us

### Media Contact

Mrudul Mishra

Contact no. - +91-22-6837 4424

Email ID - [mrudul.mishra@careratings.com](mailto:mrudul.mishra@careratings.com)

### Analyst Contact

Harshveer Trivedi

Contact no. +91-79-4026 5610/85111 90020

Email ID - [harshveer.trivedi@careratings.com](mailto:harshveer.trivedi@careratings.com)

### Business Development contact

Mr. Deepak Prajapati

Contact no. +91-79-4026 5656/9099028864

Email ID - [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)

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