

Shree Rajasthan Syntex Limited

November 15, 2018

Ratings

Facilities / Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	92.10 (reduced from Rs.105.75 crore)	CARE D (Single D)	Reaffirmed
Short-term Bank Facilities	42.42 (reduced from Rs.42.72 crore)	CARE D (Single D)	Reaffirmed
Total Facilities	134.52 (Rupees One Thirty Four crore and Fifty Two lakh only)		
Fixed Deposits (Instrument)	3.4531 (enhanced from Rs.1.7925 crore)	CARE D (FD) [Single D (Fixed Deposit)]	Reaffirmed
Total Instruments	3.4531 (Rupees Three Crore Forty Five Lakh and Thirty One Thousand only)		

Details of instruments/facilities in Annexure-1

Note: CARE has withdrawn the rating assigned to the standby line of credit – under gold card scheme of Rs.1.80 crore of Shree Rajasthan Syntex Limited as the same has been repaid by the company and the same has not been renewed by the lender.

Detailed Rationale & Key Rating Drivers

The ratings for the bank facilities of Shree Rajasthan Syntex Limited (SRSL) continue to take into account the on-going delays in its debt servicing owing to its subdued operating performance over the last four years along with cash loss reported by it in FY18 (refers to the period April 1 to March 31) and Q1FY19, resulting into subdued debt coverage indicators and stressed liquidity.

Detailed description of the key rating drivers

On-going delays in servicing of debt obligations: There are on-going delays in servicing of SRSL's debt obligations owing to the net losses incurred by the company over the last four years ended FY18, cash loss of Rs.3.93 crore in FY18 and Rs.5.13 crore in Q1FY19, which along with sizeable debt servicing requirements resulted in weak debt coverage indicators and stressed liquidity. Though the company, in past, had managed its repayments either through sale of non-core assets or through infusion of funds by the promoters, repayment obligations continue to be significantly higher than SRSL's cash accruals, resulting in delays in debt servicing.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

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

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

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

[CARE's policy on withdrawal of ratings](#)

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, 2018, 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.

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

Brief financials of SRSL are tabulated below:

Brief Financials (Rs. Crore)	FY17 (A)	FY18 (A)
Total operating income	257.10	227.91
PBILDT	19.18	5.49
PAT	(0.85)	(5.73)
Overall gearing (times)	3.77	4.00
Interest coverage (times)	1.20	0.39

A: Audited

Further, as per the unaudited results for Q1FY19, SRSL reported a total operating income of Rs.50.23 crore and net loss of Rs.3.97 crore as against total operating income of Rs.76.66 crore and net loss of Rs.0.50 crore in Q1FY18.

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at 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	-	-	2027	41.73	CARE D
Non-fund-based - ST-Working Capital Limits	-	-	-	20.92	CARE D
Fund-based - LT-Working Capital Limits	-	-	-	50.37	CARE D
Fund-based/Non-fund-based-Short Term	-	-	-	0.00	Withdrawn
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	21.50	CARE D
Fixed Deposit	-	-	2021	3.45	CARE D (FD)

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	41.73	CARE D	-	1)CARE D (14-Jul-17)	1)CARE BB- (06-Oct-16)	1)CARE BB (12-Aug-15)
2.	Non-fund-based - ST-Working Capital Limits	ST	20.92	CARE D	-	1)CARE D (14-Jul-17)	1)CARE A4 (06-Oct-16)	1)CARE A4 (12-Aug-15)
3.	Fund-based - LT-Working Capital Limits	LT	50.37	CARE D	-	1)CARE D (14-Jul-17)	1)CARE BB- (06-Oct-16)	1)CARE BB (12-Aug-15)
4.	Fixed Deposit	LT	3.45	CARE D (FD)	-	1)CARE D (FD) (14-Jul-17)	1)CARE BB- (FD) (06-Oct-16)	1)CARE BB (FD) (12-Aug-15)
5.	Fund-based/Non-fund-based-Short Term	ST	-	Withdrawn	-	1)CARE D (14-Jul-17)	1)CARE A4 (06-Oct-16)	1)CARE A4 (12-Aug-15)
6.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	21.50	CARE D	-	1)CARE D (14-Jul-17)	1)CARE A4 (06-Oct-16)	-

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