

Sintex Industries Limited (Revised)

June 11, 2020

Ratings

Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debenture (NCD) issue	500.00 (Rupees Five Hundred Core only)	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information

Details of instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated January 04, 2018, placed the rating of Sintex Industries Limited (SIL) under the 'issuer non-cooperating' category as SIL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. CARE had further reviewed the rating on the above NCD issue of SIL under the 'issuer non-cooperating' category vide its press release dated May 17, 2018, July 26, 2018, May 29, 2019, June 10, 2019 and June 12, 2019. SIL continues to be non-cooperative despite repeated requests for submission of information through phone calls and a letter/email dated June 05, 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.

The rating of the NCD issue of SIL continues to be constrained by ongoing delay/default in debt servicing arising out of its stressed liquidity.

Detailed description of the key rating drivers**Key Rating Weaknesses****Continuing delay/default in debt servicing obligation**

As per SIL's submission to the stock exchange on April 03, 2020, the company has defaulted on payment of interest/repayment of principal amount on loan from banks/ financial institutions aggregating Rs.2203.57 crore. Moreover, as per stock exchange announcement dated April 08, 2020 by SIL, the company has defaulted in the coupon payment on its NCD issue (ISIN - INE429C07065) which was due on April 08, 2020. Further, there are delays in debt servicing of bank facilities availed by SIL.

The above-mentioned delay/default in debt servicing indicates stress on SIL's liquidity arising from its weak operational and financial performance during Q4FY19 (FY; refers to period April 1 to March 31) and 9MFY20. The company reported a net loss and cash loss in 9MFY20.

Further, SIL had submitted a comprehensive resolution plan to its lenders in July 2019 and December 2019 which were, however, not accepted by the lenders. Subsequently, financial creditors filed a petition to the Honourable National Company Law Tribunal (NCLT), Ahmedabad under Section 7 of the Insolvency and Bankruptcy Code 2016 for initiating corporate insolvency resolution process against the company.

Analytical Approach: Consolidated; while assessing the credit risk profile of SIL, CARE has considered the consolidated financials of SIL which also includes its wholly-owned subsidiary, BVM Overseas Limited (engaged in trading of cotton yarn).

Applicable Criteria:

Policy in respect of Non-cooperation by issuer

CARE's Policy on Default Recognition

Rating Methodology: Consolidation and Factoring Linkages in Ratings

Financial ratios – Non-Financial Sector

CARE's methodology for manufacturing companies

Rating Methodology for Cotton Textile Manufacturing

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

About the company

Incorporated in 1931, SIL commenced its operations with its textile mill at Kalol in Gujarat and diversified into manufacturing of water storage tanks in 1975. Previously, till FY16 (refers to the period April 1 to March 31), SIL had three business segments i.e. Textile, Plastic and Infrastructure. However, under the composite scheme of arrangement amongst various Sintex group companies, SIL had demerged its Plastic and Infrastructure business with effect from April 1, 2016 and continued with textile business. Currently, SIL manufactures and processes high-end structured dyed yarn fabric and cotton yarn. In April 2016, SIL commissioned a green field project of cotton yarn manufacturing at Amreli, Saurashtra by installing 306,432 spindles (Phase – I) having an installed capacity to produce 62,500 Metric Tonne Per Annum (MTPA) of cotton yarn. Further, SIL also commissioned Phase – II of the cotton yarn project with another 306,432 spindles during FY18. As per last available information, SIL was also undertaking capex of 1,52,000 spindles towards linen, melange, silk, wool and other value added yarns which was expected to be commissioned by H1FY20. SIL also has one wholly owned subsidiary namely BVM Overseas Limited (BVMOL) through which SIL undertakes trading of cotton yarn. The Board of Directors of SIL in its meeting held on May 22, 2019 had approved disinvestment in BVMOL up to 24.99%. However, SIL vide its subsequent stock exchange announcement dated February 27, 2020, has informed that the company is not considering this disinvestment plan due to non-receipt of favorable deal and requisite response from the prospective investor(s).

(Rs. Crore)

Brief Financials of SIL (Consolidated)	FY18 (A)	FY19 (A)
Total operating income	3,022	3,354
PBILDT	436	473
PAT	142	22
Overall gearing (times)	1.33	1.53
PBILDT Interest coverage (times)	3.83	2.10

A: Audited

During 9MFY20, as per un-audited consolidated results, SIL reported a net loss of Rs.962 crore on a total operating income of Rs.1,290 crore as against a net profit of Rs.113 crore on a total operating income of Rs.2,776 crore in 9MFY19.

Status of non-cooperation with previous CRA: Brickwork vide its PR dated April 17, 2020, has put the rating of SIL under 'Issuer Not Cooperating category' as the company had not submitted minimum required information to carry out review of the rating.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments

Name of the Instrument	ISIN No.	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE429C07040	June 11, 2014	10.70	June 11, 2021	112.50	CARE D; ISSUER NOT COOPERATING*; Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures	INE429C07057	September 30, 2014	10.70	September 30, 2021	137.50	CARE D; ISSUER NOT COOPERATING*; Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures	INE429C07065	October 08, 2015	9.41	October 8, 2020	250.00	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.	Debentures-Non Convertible Debentures	LT	112.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (12-Jun-19) 2)CARE C; Negative; ISSUER NOT COOPERATING* (10-Jun-19) 3)CARE B; Negative; ISSUER NOT COOPERATING* (29-May-19)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (26-Jul-18) 2)CARE BBB; Negative; ISSUER NOT COOPERATING* (17-May-18)	1)CARE A-; Negative; ISSUER NOT COOPERATING* (04-Jan-18) 2)CARE A; Stable (25-Jul-17)
2.	Debentures-Non Convertible Debentures	LT	137.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (12-Jun-19) 2)CARE C; Negative; ISSUER NOT COOPERATING* (10-Jun-19) 3)CARE B; Negative; ISSUER NOT COOPERATING* (29-May-19)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (26-Jul-18) 2)CARE BBB; Negative; ISSUER NOT COOPERATING* (17-May-18)	1)CARE A-; Negative; ISSUER NOT COOPERATING* (04-Jan-18) 2)CARE A; Stable (25-Jul-17)
3.	Debentures-Non Convertible Debentures	LT	250.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (12-Jun-19) 2)CARE C; Negative; ISSUER NOT COOPERATING* (10-Jun-19) 3)CARE B; Negative; ISSUER NOT COOPERATING* (29-May-19)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (26-Jul-18) 2)CARE BBB; Negative; ISSUER NOT COOPERATING* (17-May-18)	1)CARE A-; Negative; ISSUER NOT COOPERATING* (04-Jan-18) 2)CARE A; Stable (25-Jul-17)
4.	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (25-Jul-17)
5.	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	-	-	1)Withdrawn (28-Dec-17) 2)CARE A1 (25-Jul-17)
6.	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	-	-	-	1)Withdrawn (28-Dec-17)

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
								2)CARE A; Stable / CARE A1 (14-Sep-17) 3)CARE A; Stable / CARE A1 (25-Jul-17)
7.	Term Loan-Long Term	LT	-	-	-	-	-	1)Withdrawn (28-Dec-17) 2)CARE A; Stable (14-Sep-17) 3)CARE A; Stable (25-Jul-17)
8.	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (28-Dec-17) 2)CARE A; Stable (14-Sep-17) 3)CARE A; Stable (25-Jul-17)
9.	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	-	-	1)Withdrawn (28-Dec-17) 2)CARE A1 (25-Jul-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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