

Viraat Textiles

February 18, 2019

Ratings

Facilities		Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Facilities	Bank	5.94	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BB-; Stable (Double B Minus; Outlook: Stable) on the basis of best available Information
Short-term Facilities	Bank	0.80	CARE A4; ISSUER NOT COOPERATING (A Four; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available Information
Total Facilities		6.74 (Rupees Six crore and Seventy four lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Viraat Textiles to monitor the ratings vide letter dated February 07, 2019, e-mail communications dated February 06,2019; February 05,2019; February 02,2019; January 22, 2019; January 08, 2019 etc. and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. 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. The rating on Viraat Textiles' bank facilities will now be denoted as **CARE B+; Stable/CARE A4; ISSUER NOT COOPERATING**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The ratings have been revised on account of cyclicity associated with textile sector coupled with highly fragmented nature of fabric processing industry and partnership nature of constitution.

Detailed description of the key rating drivers

The revision in the ratings takes into consideration the following factors:

Key Rating Weaknesses

Cyclicity associated with textile sector coupled with highly fragmented nature of fabric processing industry

Indian textile industry is inherently cyclical in nature. Any adverse changes in the global economic outlook as well as demand-supply scenario in the domestic market directly impacts demand of the textile industry. Further, the fabric processing industry in India is highly fragmented and dominated by a large number of independent and small scale unorganized players leading to high competition among industry players. Smaller companies like VTS are more vulnerable to intense competition and have limited pricing flexibility as compared with larger companies who have better efficiencies and pricing power considering their scale of operations.

Partnership nature of constitution

²Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

*Issuer did not cooperate; Based on best available information

VTS's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partners' capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partners.

Analytical approach: Standalone

Applicable Criteria

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

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

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

[Criteria for short term instruments](#)

[Rating Methodology - Service Sector Companies](#)

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

About the firm

Viraat Textiles (VTS) was established in December 2012 as a partnership firm by Mr. Vikram Takkar, Mr. Varun Takkar and Mr. Anant Prakash Sikri sharing profit and losses in the ratio 1:1:2 respectively. However, the operations of the firm commenced in September 2014. The firm is engaged in dyeing of yarn and all types of fabric on job work basis at its facility in Ludhiana, Punjab. The firm has two group concerns namely ST Dyeing and Anant Jewellers. ST Dyeing was established in 2000 as a partnership firm and is engaged in dyeing of yarn and fabric. Anant Jewelers was established in 1997 as a partnership firm and is engaged in manufacturing and trading of jeweler.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	11.62	14.21
PBILDT	1.65	1.99
PAT	0.09	0.77
Overall gearing (times)	1.75	1.57
Interest coverage (times)	3.58	8.32

*A-Audited

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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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	-	-	-	4.44	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	1.50	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	0.80	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer not cooperating 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 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	4.44	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB-; Stable (12-Mar-18)	-	-
2.	Fund-based - LT-Cash Credit	LT	1.50	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB-; Stable (12-Mar-18)	-	-
3.	Non-fund-based - ST-Bank Guarantees	ST	0.80	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4 (12-Mar-18)	-	-

*Issuer not cooperating based on best available information

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CIN - L67190MH1993PLC071691