

Viraat Textiles

April 29, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	5.94	CARE B;Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE B+; Stable; Issuer not Cooperating (Single B Plus; Outlook; Stable; Issuer not cooperating) Based on best available information
Short term bank facilities	0.80	CARE A4; ISSUER NOT COOPERATING* (A4 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 had, vide its press release dated December 09, 2017, placed the rating of Viraat Textiles under the 'issuer non-cooperating' category as Viraat Textiles had failed to provide information for monitoring of the rating. VT continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 16, 2020, April 15, 2020, April 14, 2020 and April 13, 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 ratings.

Detailed description of the key rating drivers

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

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

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](#)

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

[Criteria on assigning Rating Outlook and Credit Watch](#)
[CARE's Policy on Default Recognition](#)
[Rating Methodology – Service sector companies](#)
[Financial ratios – Non-Financial Sector](#)
[Criteria for short term instruments](#)

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. 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 Jewellers was established in 1997 as a partnership firm and is engaged in manufacturing and trading of jewellery.

Brief Financials (Rs. crore)	31-03-2016	31-03-2017
	A	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

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; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	1.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of 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 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	4.44	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (18-Feb-19)	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; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (18-Feb-19)	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; ISSUER NOT COOPERATING* (18-Feb-19)	1)CARE A4 (12-Mar-18)

*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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