

No. CARE/ARO/RL/2018-19/2613

Mr. Anubhav Ladia
Director
Shree Rajasthan Syntex Limited
SRSL House,
Pulla-Bhuwana Road,
N.H. No. 8, Udaipur,
Rajasthan – 313 004

February 7, 2020

Confidential

Dear Sir,

Credit rating for Fixed Deposit (FD) programme

On a review of recent developments including operational and financial performance of your company for FY19 (Audited) and H1FY20 (Provisional), our Rating Committee has reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Fixed Deposit Programme (Medium Term Instrument)	3.4531	CARE D (FD) [Single D (Fixed Deposit)]	Reaffirmed
Total	(Rupees Three Crore Forty Five Lakh Thirty One Thousand only)		

- The details of the FD programme are given in **Annexure 1**.
- Please arrange to get the rating revalidated, in case the entire rated amount is not placed within **six months** from the date of this letter.
- In case there is any change in the size or terms of the proposed FD programme, please get the rating revalidated.

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

5. Kindly arrange to submit us a copy of each of the documents pertaining to the FD programme.
6. To enable CARE to monitor the rating with reference to the amount of FD mobilized, you may please inform CARE when the level of deposit reaches the amount specified.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by February 8, 2020, we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.



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Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22-6754 3456 • Fax: +91-22-6754 3457
Email: care@careratings.com • www.careratings.com

32, Titanium, Prahaladnagar Corporate Road
Satellite, Ahmedabad - 380 015
Tel: +91-79-4026 5656 • Fax: +91-79-4026 5657

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11. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

12. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,
Yours faithfully,



[Ruchi Shah]
Analyst
ruchi.shah@careratings.com



[Harshveer Trivedi]
Sr. Manager
harshveer.trivedi@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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Annexure – 1

Details of the rated Fixed Deposits

Particulars	Instrument Details
Type of Instrument	Fixed Deposits (FD)
Size of the issue	Rs.3.4531 (Rs.3.4103 crore outstanding as on March 31, 2019)
Coupon Rate of Interest	8.50% p.a. to 9.50% p.a.
Repayment terms	FY20 – Rs.0.21 crore FY21 – Rs.3.20 crore
Reset date and terms	Not Applicable
Call / Put option	Not Applicable
Purpose	For general corporate purposes
Mode of Issue	Physical

NA – Not Applicable



Annexure - 2

Press Release

Shree Rajasthan Syntex Limited

Ratings

Facilities / Instruments	Amount (Rs. crore)	Ratings ¹	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
Total Facilities	132.52 (Rupees One Thirty Two crore and Fifty Two lakh only)		
Fixed Deposits (Instrument)	3.4531	CARE D (FD) [Single D (Fixed Deposit)]	Reaffirmed
Total Instruments	(Rupees Three Crore Forty Five Lakh Thirty One Thousand only)		

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

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

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
PBILDT	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

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

⑧ ✓

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Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (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.

Analyst Contact:

Name: Harshveer Trivedi

Tel: 079-4026 5610

Mobile: 85111 90020

Email: harshveer.trivedi@careratings.com

****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 the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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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 - ST-Bills discounting/ Bills purchasing	-	-	-	19.50	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 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)