

No. CARE/ARO/RL/2020-21/2628

Mr. Anubhav Ladia

Director

Shree Rajasthan Syntex Limited

SRSL House,
Pulla-Bhuwana Road,
N.H. No. 8, Udaipur,
Rajasthan – 313 004

February 25, 2021

Confidential

Dear Sir,

**Withdrawal of rating assigned to the Fixed Deposit (FD) instrument of
Shree Rajasthan Syntex Limited (SRSL)**

The company has requested CARE, vide email dated January 13, 2021, to withdraw the rating assigned to FD instrument. The company has also shared the 'No Objection Certificate' dated February 11, 2021 received from FD holders.

2. Taking cognizance of the fact that rating assigned to FD instrument remained in D category continuously for three years, we hereby withdraw our rating for SRSL's FD instrument with immediate effect.
3. As per our normal procedure, we will be announcing the withdrawal of the rating through a Press Release, a copy of which is enclosed. **Meanwhile, please ensure that rating is not used hereafter, for any purpose whatsoever.**
4. In case of any future rating requirements, we will be happy to offer our services.

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

Thanking you,

Yours faithfully,



[Ruchi Shah]

Analyst

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Encl.: As above



[Krunal Modi]

Senior Manager

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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

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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. 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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Annexure

Press Release

Shree Rajasthan Syntex Limited

Ratings

Sr. No.	Facilities / Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
I	Long-term Bank Facilities	-	-	Reaffirmed at CARE D (Single D); and subsequently withdrawn
II	Short-term Bank Facilities	-	-	Reaffirmed at CARE D (Single D); and subsequently withdrawn
III	Long-term Bank Facilities	20.35 (Reduced from Rs.92.10 crore) @	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
IV	Short-term Bank Facilities	29.50 (Reduced from Rs.40.42 crore) @	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
	Total Facilities	49.85 (Rupees Forty-Nine Crore and Eighty-Five lakh only)		
V	Fixed Deposits (Instrument)	-	-	Reaffirmed at CARE D (Single D); and subsequently withdrawn

Details of facilities in Annexure-1

@ The reduction in rated exposure is on account of withdrawal of bank facilities extended by two of the lenders followed by No Objection Certificates received from the lenders along with the request of the company for withdrawal of rating.

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has reaffirmed and withdrawn the outstanding ratings (referred in serial no. I & II above) of CARE D/ CARE D (Single D/ Single D) assigned to the bank facilities of Shree Rajasthan Syntex Limited (SRSL) with immediate effect. The above action has been taken at the request of SRSL and 'No Objection Certificate' received from the bankers that has extended the facilities rated by CARE.

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

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Moreover, CARE has reaffirmed and withdrawn the outstanding ratings (referred in serial no. V above) of CARE D (FD) [Single D (FD)] assigned to the FD instrument of SRSL with immediate effect, in line with CARE's withdrawal policy.

Further, SRSL has not paid the surveillance fee for the rating exercise as agreed to in its rating agreement. The ratings on SRSL's balance bank facilities (referred in serial no. III & IV above) will now be denoted as **CARE D/CARE D; 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 for the bank facilities and instruments of SRSL continue to take in to account the on-going delays in servicing of its debt obligations.

Key Rating Weakness

On-going delays in servicing of debt obligations

There are on-going delays in servicing of SRSL's debt obligations owing to continued weak financial performance of the company in FY20 and 9MFY21, resulting in inadequate cash flows to meet operational and debt servicing requirements.

Analytical Approach: Standalone

Applicable Criteria:

[Policy on Withdrawal of ratings](#)

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

[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, 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.

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Brief financial of SRSL (Rs. Crore)	FY19 (Aud.)	FY20 (Aud.)
Total operating income	174.01	70.97
PBILDT	-10.14	-2.27
PAT	-17.73	-21.70
Overall Gearing (times)	10.39	NM
Interest Coverage (times)	-0.64	-0.15

Further, during 9MFY21 (Un-audited), SRSL has reported a total operating income of Rs.25.42 crore with net loss of Rs.19.12 crore as against total operating income of Rs.54.85 crore and net loss of Rs.15.16 crore in 9MFY20 (Un-audited).

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (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	NA	NA	NA	NA	Withdrawn
Non-fund-based - ST-Working Capital Limits	NA	NA	NA	NA	Withdrawn
Fund-based - LT-Working Capital Limits	NA	NA	NA	NA	Withdrawn
Fund-based - LT-Term Loan	NA	NA	2027	15.35	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Working Capital Limits	NA	NA	NA	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Working Capital Limits	NA	NA	NA	5.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Bills discounting/ Bills purchasing	NA	NA	NA	19.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fixed Deposit	NA	NA	NA	NA	Withdrawn

NA: Not Applicable; *Issuer did not cooperate; Based on best available information

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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	-	Withdrawn	-	1)CARE D (11-Feb-20)	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)
2.	Non-fund-based - ST-Working Capital Limits	ST	-	Withdrawn	-	1)CARE D (11-Feb-20)	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)
3.	Fund-based - LT-Working Capital Limits	LT	-	Withdrawn	-	1)CARE D (11-Feb-20)	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)
4.	Fund-based/Non-fund-based-Short Term	ST	-	-	-	-	1)Withdrawn (15-Nov-18)	1)CARE D (14-Jul-17)
5.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	19.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (11-Feb-20)	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)
6.	Fund-based - LT-Term Loan	LT	15.35	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (11-Feb-20)	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)
7.	Non-fund-based - ST-Working Capital Limits	ST	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (11-Feb-20)	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)
8.	Fund-based - LT-Working Capital Limits	LT	5.00	CARE D; ISSUER NOT COOPERATING* Issuer not	-	1)CARE D (11-Feb-20)	1)CARE D (15-Nov-18)	1)CARE D (14-Jul-17)

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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
				cooperating; Based on best available information				
9.	Fixed Deposit	LT	-	Withdrawn	-	1)CARE D (FD) (11-Feb-20)	1)CARE D (FD) (15-Nov-18)	1)CARE D (FD) (14-Jul-17)

**Issuer did not cooperate; Based on best available information*

Annexure 3: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple
2.	Fund-based - LT-Working Capital Limits	Simple
3.	Fund-based - ST-Bills discounting/ Bills purchasing	Simple
4.	Non-fund-based - ST-Working Capital Limits	Simple
5.	Fixed Deposit	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available as above. 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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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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