

Mr Anubhav Ladia
Executive Director,
Shree Rajasthan Syntex Limited
Village-Udaipura,
Simalwara road,
Dungarpur, Rajasthan – 314 001

July 13, 2017

Confidential

Dear Sir,

Credit rating for outstanding Fixed Deposit Instrument

On a review of recent developments including operational and financial performance of your company for FY17 (audited), our Rating Committee has reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Medium-term Instrument – Fixed Deposit	1.7925	CARE D (FD) [Single D (Fixed Deposit)]	Revised from CARE BB- (FD) [Double B Minus (Fixed Deposit)]
Total	1.7925 (Rupees One Crore Seventy Nine lakh and Twenty Five Thousand only)		

2. 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 1**. 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.
3. 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.
4. 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

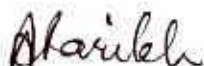
¹ Complete definitions of the ratings assigned **CARE Ratings Limited** www.careratings.com and in other CARE publications.
(Formerly known as Credit Analysis & Research Limited)

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 debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. 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.

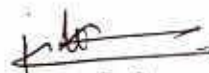
5. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
6. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

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

Thanking you,
Yours faithfully,



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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
Shree Rajasthan Syntex Limited

Ratings

Facilities	Amount (Rs. crore)	Ratings ²	Rating Action
Long-term Bank Facilities	105.75	CARE D [Single D]	Revised from CARE BB- [Double B Minus]
Short-term Bank Facilities	42.72	CARE D [Single D]	Revised from CARE A4 [A Four]
Total Facilities	148.47 (Rupees One Hundred Forty Eight crore and Forty Seven lakh only)		
Fixed Deposit (Instrument)	1.7925	CARE D (FD) [Single D (Fixed Deposit)]	Revised from CARE BB- (FD) [Double B Minus (Fixed Deposit)]
Total	1.7925 (Rupees One Crore Seventy Nine and Twenty Five Thousand only)		

Detailed Rationale & Key Rating Drivers

The revision in ratings assigned to the bank facilities of Shree Rajasthan Syntex Limited (SRSL) factors in the on-going delays in debt servicing owing to net losses reported by the company over the last three years on the back of inventory losses and high interest outgo.

Detailed description of the key rating drivers

Key Rating Weaknesses

Delay in servicing of debt obligation: SRSL has delayed in servicing of its debt obligation owing to net losses reported over the past three years resulting in deterioration of debt coverage indicators, stretched liquidity and high leverage. Though company, in past, has managed its repayments either through sale of non-core assets or through infusion of funds, repayment obligations continue to be significantly higher against the cash generation resulting in delay in debt servicing.

Analytical approach: Standalone

Applicable Criteria

CARE's Policy on Default Recognition

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 (averaging around 25 counts). As on March 31, 2016, 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 based manufacturing facility.

During FY17, SRSL reported a total operating income of Rs.258.79 crore (P.Y.: Rs.261.35 crore) with a net loss of Rs.0.61 crore (P.Y.: net loss of Rs.2.10 crore)

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

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Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	261.35	258.79
PBILDT	17.14	20.05
PAT	(2.10)	(0.61)
Overall gearing (times)	3.75	2.73*
Interest coverage (times)	1.07	1.25

A: Audited; *indicative overall gearing. Does not include current portion of long-term debt

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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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****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 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.

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