

November 23, 2022

Reliance Chemotex Industries Limited: Continues to remain under issuer Non-Cooperating category. Ratings downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term Fund Based-Term Loan	46.20	46.20	[ICRA]B+ (Stable); ISSUER NOT COOPERATING *; Rating downgraded from [ICRA]BB+(Stable) and continues to remain under the 'Issuer Not Cooperating' category
Long Term Fund Based-Cash Credit	33.00	33.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING *; Rating downgraded from [ICRA]BB+(Stable) and continues to remain under the 'Issuer Not Cooperating' category
Short Term Fund Based Cash Credit	2.00	2.00	[ICRA]A4; ISSUER NOT COOPERATING *; Rating downgraded from [ICRA]A4+ and continues to remain under the 'Issuer Not Cooperating' category.
Short Term Non-Fund Based Letter of Credit	30.00	30.00	[ICRA]A4; ISSUER NOT COOPERATING *; Rating downgraded from [ICRA]A4+ and continues to remain under the 'Issuer Not Cooperating' category.
Short Term Non-Fund Based	5.50	5.50	[ICRA]A4; ISSUER NOT COOPERATING *; Rating downgraded from [ICRA]A4+ and continues to remain under the 'Issuer Not Cooperating' category.
Long Term/Short Term-Unallocated Limits	6.22	6.22	[ICRA]B+(Stable)/[ICRA]A4; ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+(Stable)/[ICRA]A4+ and continues to remain under the 'Issuer Not Cooperating' category.
Total	122.92	122.92	

**Issuer did not cooperate; based on best available information.*

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding Reliance Chemotex Industries Limited performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Reliance Chemotex Industries Limited, ICRA has been trying to seek information from the entity so as to monitor its performance and ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity Corporate Credit Rating Methodology
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

Reliance Chemotex Industries Limited (RCIL) was incorporated in 1977 by Mr. S.L Shroff, who is currently the Chairman of the company. RCIL is engaged in manufacturing of synthetic and blended yarn including 100% Polyester, 100% Viscose, 100% Acrylic, 100% Bamboo Viscose as well as Polyester/Viscose, Polyester/Acrylic, Polyester/Viscose/Acrylic blended yarns. These yarns (which can be produced with raw-white, or dyed fibres) are intended for knitting, weaving, upholstery, carpet, medical or other industrial end-uses. The company manufactured yarn's count range is from Ne 6s to Ne 50s in single, double and multi-ply. A major portion of the company's products are exported to regions like Europe, USA and Middle East. The key raw materials for the company include polyester, viscose and acrylic fibre, which are largely procured from the domestic market, with the key suppliers being Reliance Industries Limited (for polyester staple fibre) and Grasim Industries Limited (for viscose staple fibre). The company is headquartered in Mumbai and has a branch office in Kolkata and Delhi and a sales depot in Amritsar. The manufacturing facility of the company is located in Udaipur, Rajasthan and has a current installed capacity of 53,280 spindles.

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
CRISIL	[CRISIL]B(Stable)/[CRISIL]A4; ISSUER NOT COOPERATING	May 30, 2022.

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs. Crore)	Amount Outstanding (Rs. Crore)	Date & Rating in	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	
					Nov 23, 2022	Dec 31, 2021	Sep 29, 2020	Sep 18, 2019	
1	Term Loan	Long Term	46.20	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BB+ (Positive)	

2	Cash Credit	Long Term	33.00	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATIG	[ICRA] BB+(Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BB+ (Positive)
3	Stand by Line of Credit	Short Term	2.00	-	[ICRA]A4; ISSUER NOT COOPERATIG	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A3	[ICRA]/A4+
4	Letter of Credit	Short Term	30.00	-	[ICRA]A4; ISSUER NOT COOPERATIG	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A3	[ICRA]/A4+
5	Credit Exposure Limit	Short Term	5.50	-	[ICRA]A4; ISSUER NOT COOPERATIG	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A3	[ICRA]/A4+
6	Unallocated	Long Term/ Short Term	6.22	-	[ICRA]B+ (Stable)/ [ICRA]A4; ISSUER NOT COOPERATIG	[ICRA]BB+ (Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)/ [ICRA]A3	[ICRA]BB+ (Positive)/ [ICRA]A4+

Complexity level of the rated instrument

Instrument	Complexity Indicator
Term Loan	Simple
Cash Credit	Simple
Stand by Line of Credit	Very Simple
Letter of Credit	Very Simple
Credit Exposure Limit	Very Simple
Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loan	FY2015	NA	FY2022-FY2028	46.20	[ICRA]B+ (Stable); ISSUER NOT COOPERATIG
NA	Cash Credit	NA	NA	NA	33.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATIG
NA	Stand by Line of Credit	NA	NA	NA	2.00	[ICRA]A4; ISSUER NOT COOPERATIG
NA	Letter of Credit	NA	NA	NA	30.00	[ICRA]A4; ISSUER NOT COOPERATIG
NA	Credit Exposure Limit	NA	NA	NA	5.50	[ICRA]A4; ISSUER NOT COOPERATIG
NA	Unallocated	NA	NA	NA	6.22	[ICRA]B+ (Stable)/ [ICRA]A4; ISSUER NOT COOPERATIG

Source: *Reliance Chemotex Industries Limited*

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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About ICRA Limited:

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