



**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

RCIL/SEC/18-19/

Dated: 04.01.2019

To,

BSE Limited  
24 Pheroze Jeejeebhoy Tower,  
Dalal Street,  
Mumbai-400 001

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015-Revision Credit Rating

Dear Sir,

Pursuant to Regulation 30 and Schedule III of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 and as per policy on determination of materiality of event. We would like to inform that ICRA has restated the long term rating ICRA BB+ and short term rating ICRA A4+. Copy of letter along with rational enclosed for your reference.

This for your information and necessary record.

Thanking You,  
For Reliance Chemotex Industries Ltd.

  
(Vimal Tank)

Company Secretary & Compliance Officer



ICRA

ICRA Limited

Ref: 2018-19/MUM/1508

Date: January 02, 2019

Mr. Sanjiv Shroff  
Vice Chairman and Managing Director  
Reliance Chemotex Industries Limited  
27, Jolly Maker Chambers No. 2,  
Nariman Point,  
Mumbai - 400 021

Dear Sir,

**Re: Surveillance of ICRA-assigned Credit Rating for Rs. 122.92 crore Line of Credit of Reliance Chemotex Industries Limited (instrument details in Annexure)**

Please refer the Rating Agreement dated July 31, 2014 between ICRA Limited ("ICRA") and your company, whereby, ICRA is required to review the ratings assigned to your company on an annual basis or as and when the circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration, has reaffirmed the long-term rating for the captioned Line of Credit (LOC) at **[ICRA]BB+** (pronounced ICRA double B plus),<sup>1</sup> The Outlook on the long-term rating is **Stable**. The Rating Committee of ICRA has also reaffirmed the short-term rating for the captioned LOC at **[ICRA]A4+** (pronounced ICRA A four plus).

The aforesaid ratings will be due for surveillance anytime before 30<sup>th</sup> September, 2019.

The ratings as stated above are specific to the terms and conditions of the LOC as indicated to us by you. In case there is any change in the terms and conditions, or the size of the rated LOC, the same must be brought to our notice immediately. Any such change would warrant a rating review, following which there could be a change in the ratings assigned. Notwithstanding the foregoing, any change in the over-all limit of the LOC from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

ICRA reserves the right to review and/or revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

You are requested to furnish a monthly 'No Default Statement' (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme (interest and principal obligations for fund based as well as obligations under LOC/BG for non-fund based facility). This is in accordance with requirements prescribed in circular dated June 30, 2017 on 'Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)' issued by the Securities and Exchange Board of India.

You are also requested to inform us forthwith of any default or delay in the payment of interest and/or principal against the rated debt programme, or any other debt instruments and/or borrowings of your company. Further, you are requested to keep us informed of any other developments that could have a direct or indirect impact on the debt servicing capability of your company, with such developments including, but not limited to, any proposal for re-scheduling or postponement of repayment against any dues and/or debts of your company with any lender(s) and/or investor(s).

We thank you for your kind co-operation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,  
for ICRA Limited

  
Suprio Banerjee  
Vice President  
[supriob@icraindia.com](mailto:supriob@icraindia.com)



Preeti Kumaran  
Senior Analyst  
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<sup>1</sup> For complete rating definition please refer to ICRA Website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications



*'No Default Statement on the Company Letter Head'*

To  
<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You,

Yours faithfully,

<Authorized Signatory of Issuer>

**Annexure**

Details of Bank Limits Rated by ICRA (Rated on Long-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
State Bank of India-Term Loan Facility	1.81	(ICRA)BB+ (Stable)	December 2018
State Bank of India-Corporate Loan Facility	3.33	(ICRA)BB+ (Stable)	December 2018
Rajasthan State Industrial Development and Investment Corporation-Term Loan Facility	0.42	(ICRA)BB+ (Stable)	December 2018
Rajasthan State Industrial Development and Investment Corporation-Term Loan Facility	5.72	(ICRA)BB+ (Stable)	December 2018
Exim Bank-Term Loan Facility	8.13	(ICRA)BB+ (Stable)	December 2018
HDFC Bank Ltd and ICICI Bank- Vehicle Loans	0.06	(ICRA)BB+ (Stable)	December 2018
State Bank of India-Cash Credit Facility	25.00	(ICRA)BB+ (Stable)	December 2018
IDBI Bank-Cash Credit Facility	3.00	(ICRA)BB+ (Stable)	December 2018
ICICI Bank-Cash Credit Facility	5.00	(ICRA)BB+ (Stable)	December 2018
<b>Total</b>	<b>52.47</b>		

Details of Bank Limits Rated by ICRA (Rated on Short-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
State Bank of India-Standby Limit	3.00	(ICRA)A4+	December 2018
IDBI Bank-Letter of Credit Limit	10.00	(ICRA)A4+	December 2018
ICICI Bank-Letter of Credit Limit	20.00	(ICRA)A4+	December 2018
State Bank of India-Credit Exposure Limit	2.50	(ICRA)A4+	December 2018
IDBI Bank- Credit Exposure Limit Credit Exposure Limit	1.00	(ICRA)A4+	December 2018
ICICI Bank- Credit Exposure Limit	2.00	(ICRA)A4+	December 2018
<b>Total</b>	<b>38.50</b>		

Details of Bank Limits Rated by ICRA (Rated on Long and Short-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
Unallocated Limits	31.95	(ICRA)BB+ (Stable)/ (ICRA)A4+	December 2018
<b>Total</b>	<b>31.95</b>		




## Reliance Chemotex Industries Limited

January 03, 2019

### Reliance Chemotex Industries Limited: Ratings reaffirmed

#### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	30.03	19.47	[ICRA]BB+(Stable); Reaffirmed
Cash Credit	33.00	33.00	[ICRA]BB+(Stable); Reaffirmed
Standby Limit	3.00	3.00	[ICRA]A4+; Reaffirmed
Non-fund Based Limits	35.50	35.50	[ICRA]A4+; Reaffirmed
Unallocated Limit	21.39	31.95	[ICRA]BB+(Stable)/[ICRA]A4+; Reaffirmed
<b>Total</b>	<b>122.92</b>	<b>122.92</b>	

\*Instrument details are provided in Annexure-1

#### Rationale

The ratings reaffirmation continues to take into account the established track record of the promoters of Reliance Chemotex Industries Limited (RCIL), its established relationship with prominent domestic suppliers of key raw materials as well as international customers. The ratings also continue to factor in the diversified product portfolio and steady contribution from exports, which fetch higher realisations. ICRA notes that the company is in the midst of a debt-funded capex for the modernisation of its facility, which once operational is likely to lead to better operational efficiencies.

The ratings, however, are constrained by the continuing modest debt coverage indicators amid the repayment liabilities in FY2019 and FY2020, which limit the financial flexibility. ICRA also notes a proposed rights issue (anticipated to be concluded by Q1 FY2020), the proceeds of which will be utilised for preference shares redemption, thereby supporting the capital structure and cash flows (given proportionate reduction of dividends on the same). RCIL's ability to generate adequate net cash accruals (NCA) in a sluggish demand scenario and intense competition in the textile industry remain critical from the credit perspective. The ability to control power cost, manage raw material price and forex fluctuation risks effectively will also be key monitorables from the profitability perspective.

#### Outlook: Stable

ICRA expects RCIL to continue to benefit from the extensive experience of its promoters and current management. The outlook may be revised to Positive if the company is able to improve its profitability margins by dealing in higher-realisation commanding products, along with notable improvement in the debt coverage indicators (through various deleveraging and cost controls measures). The outlook may be revised to a Negative if there is deterioration in profitability from the H1 FY2019 levels, and thereby in cash accruals, which could materially impact its liquidity profile or if there is any material deferment, or inadequate returns from the capex, or any further sizeable debt-funded capex, which further stresses the debt metrics:

## Key rating drivers

### Credit strengths

**Established track record of promoters in the textile industry** - The promoter, Mr. S.L. Shroff, has an experience of more than 50 years in the textile industry. The Managing Director, Mr. Sanjiv Shroff, the son of Mr. S.L. Shroff, handles the company's overall operations at present, and has been associated with the textile industry for over 30 years. Mr. Rahul Shroff and Mr. Ameya Shroff, sons of Mr. Sanjiv Shroff, are also actively involved in the business and are part of the company's management.

**Healthy relationships with prominent domestic suppliers and international customers fetch repeat orders** - The experienced and professional set-up has been instrumental in developing a reliable clientele in the international markets as well as forge established relationships with key domestic suppliers of fibre and yarn, with a significant domestic market holding. RCIL manufactures synthetic and blended yarn, such as 100% polyester, 100% viscose, 100% acrylic, 100% bamboo viscose as well as polyester/viscose, polyester/acrylic and polyester/viscose/acrylic blended yarn. The manufactured yarn is intended for knitting, weaving, upholstery, carpet, medical or other industrial end-uses. With revenues of ~Rs. 284.5 crore in FY2018 and 53,280 spindles employed, RCIL's scale of operations make it a mid-sized player in this segment with focus on export markets (generates ~60% of the total revenues).

**Expected strengthening of capital structure with proposed rights issue (to be concluded latest by Q1 FY2020) the proceeds of which will be utilized for preference shares redemption** - The 10% redeemable preference shares, which are subscribed by the related parties, are redeemable at par on the expiry of 20 years from the respective dates of allotment (starting FY2022). The same is expected to be redeemed in FY2020 from the proceeds of the proposed rights issue. In FY2020, the company is expected to offer 0.357 crore shares of Rs. 10 face value (FV) at a premium of Rs. 60 each, generating total proceeds of Rs. 25 crore (which will be used to redeem the preference shares outstanding of Rs. 23.08 crore). This will not only strengthen the capital structure, but also support the cash flows from curbing the 10% dividend pay-out on preference shares.

### Credit challenges

**Coverage indicators remain modest** - The company's coverage indicators remain at modest levels, with interest coverage of 1.5x and TD/OPBDIT of 4.8x in FY2018. Although posting some improvement with a revival in the margins in H1 FY2019, the coverage indicators remained modest. The DSCR continues to be just about at 1x levels, with the repayment being supported by a buffer available in the fund-based limits. Amid significant capex underway, the company's ability to generate enough cash accruals remains to be seen. However, favourable ballooning repayment terms and moratorium (starting November 2020), and low effective interest cost (with eligible interest subsidy for the newly sanctioned loan under the Rajasthan Investment Promotion Scheme, 2014 or RIPS) is expected to support the debt metrics over the medium term.

**Profitability vulnerable to raw material price movements, due to low bargaining power, power cost and forex fluctuations** - The company's key raw materials include polyester staple fibre (PSF), viscose staple fibre (VSF) and acrylic fibre. The raw material procurement is mainly made from the domestic market. The raw material prices are primarily controlled by the large suppliers, offering RCIL limited bargaining power and pricing flexibility. Being a net exporter, there is exposure to forex movements (Euro and US dollar). The company has a net foreign receivable position and primarily hedges its receivables through forward contracts. Such effective forex-hedging mechanism reduces the susceptibility of margins to unfavourable forex movement risks to a large extent.

**Adequate returns from ongoing capex critical for overall improvement in financial profile** - RCIL has regularly invested in capex over the last few years and has another capacity expansion plan over the near term. The company is expected

to incur a capex of Rs. 52.00 crore in two phases, which will be funded through a mix of debt and internal accruals. Given the debt-funded nature of the capex, the external long-term debt levels are expected to rise in the near term. The planned capex (to modernise a part of the vintage spindles and increase production capacity by ~30%) is expected to be operational by FY2020 and lead to better production efficiencies and output. ICRA draws comfort from the ballooning repayment schedule and low effective interest on the sanctioned loan, which enhances the overall project viability. However, lack of commensurate returns from the capex will negatively impact the key credit metrics.

**Intense competition in textile industry** - RCIL faces competition from international as well as domestic yarn manufacturers. In the domestic market, there is intense competition and fragmentation, limiting the pricing power of the textile companies and affecting their margins. Nevertheless, by virtue of its presence in the textile industry, RCIL is entitled to Government incentives in the form of interest subsidies, duty drawback schemes and duty credit facilities, which provide sizeable support to its profitability.

### Liquidity position

RCIL had external term loans of Rs. 27.20 crore on its books as on March 31, 2018; of which, Rs. 10.71 crore is scheduled to be repaid in FY2019. Despite the major capacity expansion plan to be implemented starting FY2019, the repayment burden is going to ease FY2022 onwards. This is because five (out of the seven) existing term loans will be fully repaid, while the new term has ballooning repayment till FY2028. The average working capital utilisation also remains moderate at ~78% over the last 12 months, reflecting liquidity cushion.

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Indian textiles Industry - Spinning</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financials of RCIL.

### About the company

Incorporated in 1977, RCIL manufactures synthetic and blended yarn, including 100% polyester, 100% viscose, 100% acrylic, 100% bamboo viscose as well as polyester/viscose, polyester/acrylic and polyester/viscose/acrylic blended yarn. The company's product count range from Ne 6s to Ne 50s in single, double and multi-ply yarn. RCIL is promoted by Mr. S.L. Shroff. His son, Mr. Sanjiv Shroff, is the company's Managing Director at present. RCIL's shares have been listed on the Bombay Stock Exchange since 2001. Based out of Mumbai, the company has branch offices in Kolkata and Delhi, while its manufacturing facility is in Udaipur, Rajasthan, with an installed capacity of 53,280 spindles.

Two other companies held by the same promoter group are Modern Fibotex India Limited and Spell Fashions Private Limited, which manufacture and trade in fabric, primarily silk and shirts, respectively.

### Key financial indicators (audited)

	FY2017	FY2018
Operating Income (Rs. crore)	291.9	284.5
PAT (Rs. crore)	6.7	2.6
OPBDIT/OI (%)	7.8%	6.9%
RoCE (%)	13%	9%
Total Debt/TNW (times)	2.4	1.3
Total Debt/OPBDIT (times)	4.2	4.8
Interest Coverage (times)	1.7	1.5

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for last three years

		Current Rating (FY2019)		Chronology of Rating History for the Past 3 Years			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding as of November 2018 (Rs. crore)	Date & Rating	Date & Rating in	Date & Rating in	Date & Rating in
					FY2018	FY2017	FY2017
				Dec 2018	Feb 2018	Feb 2017	Jun 2016
1 Term Loans	Long Term	19.47	19.47	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)
2 Cash Credit	Long Term	33.00		[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)
3 Standby Limit	Short Term	3.00		[ICRA]A4+	[ICRA]A4+	[ICRA]A3	[ICRA]A3
4 Non-fund Based Limits	Short Term	35.50		[ICRA]A4+	[ICRA]A4+	[ICRA]A3	[ICRA]A3
5 Unallocated Limit	Long and Short Term	31.95		[ICRA]BB+ (Stable)/ [ICRA]A4+	[ICRA]BB+ (Stable)/ [ICRA]A4+		

### Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### 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 Loans	NA	~11.95%	FY2019-2023	19.47	[ICRA]BB+(Stable)
NA	Cash Credit	NA	NA	-	33.00	[ICRA]BB+(Stable)
NA	Standby Limit	NA	NA	-	3.00	[ICRA]A4+
NA	Non-fund Based Limits	NA	NA	-	35.50	[ICRA]A4+
NA	Unallocated Limit	NA	NA	-	31.95	[ICRA]BB+(Stable)/[ICRA]A4+

Source: RCI

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

## ANALYST CONTACTS

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## RELATIONSHIP CONTACT

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## MEDIA AND PUBLIC RELATIONS CONTACT

### Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

## Helpline for business queries:

+91- 124- 2866928(open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment information and credit rating agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The International Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited

### Corporate Office

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Email: [info@icraindia.com](mailto:info@icraindia.com)  
Website: [www.icra.in](http://www.icra.in)

### Registered Office

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Tel: +91 11 23357940-50

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Pune + (91 20) 2556 0194/25560195/196, 020 6606 9999

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**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

RCIL/SEC/18-19/  
Dated: 02.06.2018

To,

BSE Limited  
24 Pheroze Jeejeebhoy Tower,  
Dalal Street,  
Mumbai-400 001

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015- Revision Credit Rating

Dear Sir,

Pursuant to Regulation 30 and Schedule III of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 and as per policy on determination of materiality of event. We would like to inform that CRISIL has assigned the long term rating as CRISIL BB/Stable and short term rating as CRISIL A4+. We are enclosing herewith Rating Rationale for your reference.

Thanking You,  
For Reliance Chemotex Industries Ltd

(Vimal Tarik)  
Company Secretary & Compliance Officer

## Rating Rationale

May 23, 2018 | Mumbai

## Reliance Chemotex Industries Limited

Ratings migrated to 'CRISIL BB/Stable/CRISIL A4+'

## Rating Action

Total Bank Loan Facilities Rated	Rs.96.8 Crore
Long Term Rating	CRISIL BB/Stable (Migrated from 'CRISIL BB/Negative Issuer Not Cooperating')
Short Term Rating	CRISIL A4+ (Migrated from 'CRISIL A4+ Issuer Not Cooperating')

1 crore = 10 million

Refer to annexure for Details of instruments &amp; Bank Facilities.

\*Issuer did not cooperate; based on best-available information

## Detailed Rationale

Due to inadequate information, CRISIL, in line with Securities and Exchange Board of India guidelines, had migrated the ratings on the bank facilities of Reliance Chemotex Industries Limited (RCIL) to 'CRISIL BB/Negative/CRISIL A4+ issuer not cooperating'. However, management has started sharing information necessary for a comprehensive rating review. Consequently, CRISIL is now migrating the ratings to 'CRISIL BB/Stable/CRISIL A4+'.

The ratings reflect the extensive experience of its promoters in the textiles industry and prudent working capital management. These strengths are partially offset by susceptibility to volatility in raw material prices, low bargaining power with customers, and average financial risk profile because of high gearing and less than adequate liquidity.

## Analytical Approach

Unsecured loans from promoters have been treated as neither debt nor equity as these are subordinate to external borrowing and will be retained in business for the next three years.

## Key Rating Drivers &amp; Detailed Description

## Strengths

## \* Established business risk profile

Kolkata-based Shroff family has been in the textile businesses for around 40 years, which reflects their ability to successfully navigate business cycles. Longstanding presence has also enabled the promoters to establish strong relationship with suppliers and clients in the synthetic yarn industry.

## \* Prudent working capital management

Gross current assets were estimated at 95 days as on March 31, 2018, due to average receivables of about 68 days. Furthermore, majority of receivables are backed by letter of credit, which reduces risk of bad debts.

## Weaknesses

## \* Susceptibility to volatility in raw material prices

RCIL manufactures 100% polyester yarns which contributes to around 30-35% of total sales, prices of polyester is heavily dependent on crude oil prices. Hence, to a certain extent cost of production and profit margins of yarn manufacturers remain vulnerable to fluctuations in crude oil prices.

## \* Average financial risk profile

The financial risk profile is average as seen by high gearing of 3 times as on March 31, 2018 and less than adequate liquidity. The cash accruals as expected over the medium term may be insufficient to repay the fixed debt obligations. However CRISIL draws comfort from resourcefulness of the promoters and their stated stance of timely support to the company going ahead. Moreover the liquidity profile will remained supported by adequate cushion in the company's working capital bank lines.

## Outlook: Stable

CRISIL believes RCIL will maintain its market position on the back of promoters' experience and established relationship with customers and suppliers. The outlook may be revised to 'Positive' if operating margins of RCIL improves due to reduction in power cost or change in product mix leading to more-than-expected cash accrual thereby improving financial risk profile, especially debt protection metrics. The outlook may be revised to 'Negative' in case of decline in profitability.

stretch in working capital cycle, or any further unanticipated debt-funded capital expenditure or inadequate fund support provided by the management.

#### About the Company

Established in 1977 by Kolkata-based Shroff family, RCIL manufactures synthetic blended yarn at its high pressure fibre-dyeing plant that has 53,280 spindles. The company has also been exporting yarn since 1987. It manufactures 100% polyester, 100% viscose, 100% acrylic, 100% bamboo viscose, and polyester/viscose, polyester/acrylic, polyester/viscose/acrylic blended yarns; which are used for knitting, weaving, upholstery, carpet, medical, and other industrial end-uses. RCIL is listed on the Bombay Stock Exchange since 1979, Main office is in Mumbai and plant in Udaipur.

#### Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs. Cr.	285.2	257.3
Profit after tax	Rs. Cr.	6.7	2.53
PAT margins	%	2.3	1.0
Adjusted debt/Adjusted net worth	Times	3.28	3.79
Interest coverage	Times	1.5	1.0

Any other information: Not applicable

#### Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on [www.crisil.com/issuance/complexity-levels](http://www.crisil.com/issuance/complexity-levels). Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

#### Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Rating assigned with outlook
NA	Cash Credit	NA	NA	NA	33	CRISIL BB/Stable
NA	Foreign Exchange facility	NA	NA	NA	5.5	CRISIL A4+
NA	Letter of Credit	NA	NA	NA	30	CRISIL A4+
NA	Standby Fund Based Working Capital	NA	NA	NA	3	CRISIL BB/Stable
NA	Term Loan	NA	NA	Aug-2022	25.3	CRISIL BB/Stable

#### Annexure - Rating History for last 3 Years

Instrument	Type	Current		2018 (History)		2017		2016		2015		Start of 2015
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	93.00	CRISIL BB/Stable/ CRISIL A4+			31-10-17	CRISIL BB/Negative/ CRISIL A4+ (Issuer Not Co-operating)*	07-06-16	CRISIL BB/Negative/ CRISIL A4+			CRISIL BBB-/Stable/ CRISIL A3
Non Fund-based Bank Facilities	LT/ST	30.00	CRISIL A4+			31-10-17	CRISIL A4+ (Issuer Not Co-operating)*	07-06-16	CRISIL A4+			CRISIL A3

All amounts are in Rs. Cr.

\*Issuer did not cooperate; based on best-available information

#### Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit	33	CRISIL BB/Stable	Bank Guarantee	2	CRISIL A4+/Issuer Not Cooperating

Foreign Exchange Facility	5.5	CRISIL A4+	Cash Credit	28	CRISIL BB/Negative/Issuer Not Cooperating
Letter of Credit	30	CRISIL A4+	Letter of Credit	22	CRISIL A4+/Issuer Not Cooperating
Standby Fund Based Working Capital	3	CRISIL BB/Stable	Line of Credit	5	CRISIL A4+/Issuer Not Cooperating
Term Loan	25.3	CRISIL BB/Stable	Long Term Loan	39.8	CRISIL BB/Negative/Issuer Not Cooperating
<b>Total</b>	<b>96.8</b>	<b>--</b>	<b>Total</b>	<b>96.8</b>	<b>--</b>

#### Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Bank Loan Ratings](#)

[Understanding CRISILs Ratings and Rating Scales](#)

#### For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p><b>Saman Khan</b> Media Relations CRISIL Limited D: +91 22 3342 3895 B: +91 22 3342 3000 <a href="mailto:saman.khan@crsil.com">saman.khan@crsil.com</a></p> <p><b>Naireen Ahmed</b> Media Relations CRISIL Limited D: +91 22 3342 1818 B: +91 22 3342 3000 <a href="mailto:naireen.ahmed@crsil.com">naireen.ahmed@crsil.com</a></p> <p><b>Jyoti Parmar</b> Media Relations CRISIL Limited D: +91 22 3342 1835 B: +91 22 3342 3000 <a href="mailto:jyoti.parmar@crsil.com">jyoti.parmar@crsil.com</a></p>	<p><b>Salim Yahoo</b> Director - CRISIL Ratings CRISIL Limited D: +91 22 3342 3031 <a href="mailto:salim.yahoo@crsil.com">salim.yahoo@crsil.com</a></p> <p><b>Aditya Munshi</b> Associate Director - CRISIL Ratings CRISIL Limited D: +91 22 4097 8105 <a href="mailto:aditya.munshi@crsil.com">aditya.munshi@crsil.com</a></p> <p><b>Keval Doshi</b> Rating Analyst - CRISIL Ratings CRISIL Limited D: +91 22 4254 8335 <a href="mailto:Keval.Doshi@crsil.com">Keval.Doshi@crsil.com</a></p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: <a href="mailto:CRISILratingdesk@crsil.com">CRISILratingdesk@crsil.com</a></p> <p>For Analytical queries: <a href="mailto:ratingsinvestor@crsil.com">ratingsinvestor@crsil.com</a></p>



**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

RCIL/SEC/17-18/

Dated: 26.02.2018

To,

BSE Limited  
24 Pheroze Jeejeebhoy Tower,  
Dalal Street,  
Mumbai-400 001

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015-Revision Credit Rating

Dear Sir,

Pursuant to Regulation 30 and Schedule III of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 and as per policy on determination of materiality of event. We would like to inform that ICRA has downgraded the long term rating from ICRA BBB- to ICRA BB+ and short term rating from ICRA A3 to ICRA A4+.

This for your information and necessary record.

Thanking You,  
For Reliance Chemotex Industries Ltd

(Vimal Tank)  
Company Secretary & Compliance Officer



ICRA

ICRA Limited

CONFIDENTIAL

Ref: 2017-18/MUM/1762

Date: February 15, 2018

Mr. Sanjiv Shroff  
Vice Chairman and Managing Director  
Reliance Chemotex Industries Limited  
27, Jolly Maker Chambers No. 2,  
Nariman Point,  
Mumbai - 400 021

Dear Sir,

**Re: Surveillance of ICRA-assigned Credit Rating for Rs. 122.92 crore of Reliance Chemotex Industries Limited (Instrument details in Annexure)**

Please refer the Rating Agreement dated July 31, 2014 between ICRA Limited ("ICRA") and your company, whereby, ICRA is required to review the ratings assigned to your company on an annual basis or as and when the circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration, has revised the long-term rating for the captioned Line of Credit (LOC) from [ICRA]BBB- (pronounced ICRA triple B minus) with a Negative outlook to [ICRA]BB+ (pronounced ICRA double B plus).<sup>1</sup> The Outlook on the long-term rating is Stable. The Rating Committee of ICRA has also revised the short-term rating for the captioned LOC from [ICRA]A3 (pronounced ICRA A three) to [ICRA]A4+ (pronounced ICRA A four plus).

The aforesaid ratings will be due for surveillance anytime before 30<sup>th</sup> September, 2018.

The ratings as stated above are specific to the terms and conditions of the LOC as indicated to us by you. In case there is any change in the terms and conditions, or the size of the rated LOC, the same must be brought to our notice immediately. Any such change would warrant a rating review, following which there could be a change in the ratings assigned. Notwithstanding the foregoing, any change in the over-all limit of the LOC from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

You are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme (interest and principal obligations for fund based as well as obligations under LOC/BG for non-fund based facility). This is in accordance with requirements prescribed in circular dated June 30, 2017 on 'Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)' issued by the Securities and Exchange Board of India.

1/-

<sup>1</sup> For complete rating definition please refer to ICRA Website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications

3rd Floor, Electric Mansion,  
Appasaheb Marathe Marg,  
Prabhadevi, Mumbai 400 025.

Tel. : + 91 22 6168 3300 / 301  
Fax : + 91 22 2433 1390  
CIN : L74999DL1991PLC042740

Website : [www.icra.in](http://www.icra.in)  
email : [mumbai@icraindia.com](mailto:mumbai@icraindia.com)

Registered Office : 1105, Kasturba Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110 001, Tel.: +(91-11) 23357940-50 Fax : + (91-11) 23357014

**RATING • RESEARCH • INFORMATION**



ICRA

.2.

You are also requested to inform us forthwith of any default or delay in the payment of interest and/or principal against the rated debt programme, or any other debt instruments and/or borrowings of your company. Further, you are requested to keep us informed of any other developments that could have a direct or indirect impact on the debt servicing capability of your company, with such developments including, but not limited to, any proposal for re-scheduling or postponement of repayment against any dues and/or debts of your company with any lender(s) and/or investor(s).

We thank you for your kind co-operation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

for ICRA Limited

ANJAN DEB GHOSH

Executive Vice President

agghosh@icraindia.com

SUBRATA RAY

Senior Group Vice President

subrata@icraindia.com

Encl:



ICRA

Annexure

Details of Bank Limits Rated by ICRA (Rated on Long-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
IDBI Bank-Term Loan Facility	0.60	[ICRA]BB+ (Stable)	February 15, 2018
Rajasthan State Industrial Development and Investment Corporation-Term Loan Facility	9.89	[ICRA]BB+ (Stable)	February 15, 2018
Exim Bank-Term Loan Facility	10.54	[ICRA]BB+ (Stable)	February 15, 2018
State Bank of India-Term Loan Facility	9.00	[ICRA]BB+ (Stable)	February 15, 2018
State Bank of India-Cash Credit Facility	25.00	[ICRA]BB+ (Stable)	February 15, 2018
IDBI Bank-Cash Credit Facility	3.00	[ICRA]BB+ (Stable)	February 15, 2018
ICICI Bank-Cash Credit Facility	5.00	[ICRA]BB+ (Stable)	February 15, 2018
Total	63.03		

Details of Bank Limits Rated by ICRA (Rated on Short-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
State Bank of India-Stand By Line of Credit Facility	3.00	[ICRA]A4+	February 15, 2018
State Bank of India-Credit Exposure Limit	2.50	[ICRA]A4+	February 15, 2018
IDBI Bank-Letter of Credit Limit	11.00	[ICRA]A4+	February 15, 2018
ICICI Bank-Letter of Credit Limit	22.00	[ICRA]A4+	February 15, 2018
Total	38.50		

Details of Bank Limits Rated by ICRA (Rated on Long and Short-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
Unallocated Limits	21.39	[ICRA]BB+ (Stable)/ [ICRA]A4+	February 15, 2018
Total	21.39		



# RELIANCE CHEMOTEX INDUSTRIES LIMITED

Date: November 04, 2022

To,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

To,  
**National Stock Exchange of India Ltd.**  
Exchange Plaza, Plot No. C/1, G Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai 400 051

**Scrip Code: 503162**

**Trading Symbol: RELCHEMQ**

Dear Sir/Madam,

## **Sub: Intimation of Credit Rating**

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we wish to inform you that India Ratings and Research (Ind-Ra) has revised Reliance Chemotex Industries Limited's (RCIL) Outlook to Positive from Stable while affirming its Long-Term Issuer Rating at 'IND BBB'. The instrument-wise rating actions are given below:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Term loan	-	-	March 2031	INR721.38 (increased from INR397.67)	IND BBB/ Positive	Affirmed; Outlook revised to Positive from Stable
Fund-based facilities	-	-	-	INR349.5 (reduced from INR350)	IND BBB/ Positive/ IND A2	Affirmed; Outlook revised to Positive from Stable
Non-fund-based facilities	-	-	-	INR600 (increased from INR500)	IND A2	Affirmed
Proposed non-fund-based facilities	-	-	-	INR350 (increased from INR50)	IND A2	Affirmed
Proposed term loan	-	-	-	INR370	IND BBB/ Positive	Assigned



# RELIANCE CHEMOTEX INDUSTRIES LIMITED

Kindly take the above information on record.

Thanking You,  
For Reliance Chemotex Industries Ltd.

**UTKARSH  
GAUR**

Digitally signed by  
UTKARSH GAUR  
Date: 2022.11.04 14:48:58  
+05'30'

**Utkarsh Gaur**  
**Company Secretary & Compliance Officer**  
**Membership No.: A60237**



**RELIANCE**  
**CHEMOTEX INDUSTRIES LIMITED**

RCIL/SEC/19-20/

Dated: 19.09.2019

To,

BSE Limited  
24 Pheroze Jeejeebhoy Tower,  
Dalal Street,  
Mumbai-400001

Subject- Intimation Under Regulation 30 of SEBI (Listing Obligation And Disclosure Requirement) Regulation, 2015- Revision Credit Rating.

Dear Sir,

Pursuant to Regulation 30 and Schedule III of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 and as per the policy on determination of materiality of event. We would like to inform that ICRA has restated the Long Term Rating ICRA BB+. The outlook on the long term rating is revised to "Positive" and Short Term Rating ICRA A4+. Copy of letter along with rationale enclosed for your reference.

This is for your information and necessary record.

Thanking You,  
For Reliance Chemotex Industries Limited

(Vimal Tank)  
Company Secretary and Compliance Officer



ICRA

CONFIDENTIAL

ICRA Limited

Ref:2019-20/MUM/1142  
Date: September 18, 2019

Mr. Sanjiv Shroff  
Managing Director  
Reliance Chemotex Industries Limited  
27, Jolly Maker Chambers No. 2,  
Nariman Point,  
Mumbai - 400 021

Dear Sir,

**Re: Surveillance of ICRA-assigned Credit Rating for Rs. 122.92 crore Line of Credit of Reliance Chemotex Industries Limited (instrument details in Annexure)**

Please refer the Rating Agreement dated July 31, 2014 between ICRA Limited ("ICRA") and your company, whereby, ICRA is required to review the ratings assigned to your company on an annual basis or as and when the circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration, has reaffirmed the long-term rating for the captioned Line of Credit (LOC) at **[ICRA]BB+** (pronounced ICRA double B plus).<sup>†</sup> The Outlook on the long-term rating is revised to **'Positive'**. The Rating Committee of ICRA has also reaffirmed the short-term rating for the captioned LOC at **[ICRA]A4+** (pronounced ICRA A four plus).

The aforesaid ratings will be due for surveillance anytime before 30<sup>th</sup> September 2019.

The ratings as stated above are specific to the terms and conditions of the LOC as indicated to us by you. In case there is any change in the terms and conditions, or the size of the rated LOC, the same must be brought to our notice immediately. Any such change would warrant a rating review, following which there could be a change in the ratings assigned. Notwithstanding the foregoing, any change in the over-all limit of the LOC from that specified in the first paragraph of this letter would constitute an enhancement that would not be covered by or under the said Rating Agreement.

ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

You are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme (interest and principal obligations for fund based as well as obligations under LOC/BG for non-fund based facility). This is in accordance with requirements prescribed in circular dated June 30, 2017 on 'Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)' issued by the Securities and Exchange Board of India.

You are also requested to inform us forthwith of any default or delay in the payment of interest and/or principal against the rated debt programme, or any other debt instruments and/or borrowings of your company. Further, you are requested to keep us informed of any other developments that could have a direct or indirect impact on the debt servicing capability of your company, with such developments including, but not limited to, any proposal for re-scheduling or postponement of repayment against any dues and/or debts of your company with any lender(s) and/or investor(s).

We thank you for your kind co-operation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,  
for ICRA Limited

  
Suprio Banerjee  
Vice President  
[supriob@icraindia.com](mailto:supriob@icraindia.com)



Srinivas Menon  
Senior Analyst  
[srinivas.menon@icraindia.com](mailto:srinivas.menon@icraindia.com)

<sup>†</sup> For complete rating definition please refer to ICRA Website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications

Electric Mansion, 3<sup>rd</sup> Floor  
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Registered Office : 1105, Kailash Building, 11<sup>th</sup> Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

**RATING • RESEARCH • INFORMATION**

**85880**



*'No Default Statement on the Company Letter Head'*

To  
<CRA Name and Address>

Dear Sir/ Madam,

1. We hereby Confirm that as on date there are no Over dues or default on our debt obligations
2. We also confirm that in the month ended <Month and Year name> there has been no instance of delay in servicing of our debt obligations.
3. We also confirm that there has not been any instance of devolvement of Letter of Credit in the month ended <Month and Year name>.
4. We also confirm that in the month ended <Month and Year name>, there has been no instance of delay in servicing of debt obligations guaranteed by us.
5. We also confirm that there has been no overdraw of the drawing power sanctioned by the bank for a period of more than 30 consecutive days in case of bank facilities which do not have scheduled maturity/repayment dates.
6. Details of delay/ default/ rescheduling of interest or principal as on date/ in the month ended<Month and Year name> , in any of the above case (if any):

Name of the Instrument	ISIN	Amount to be paid	Due Date of Payment	Actual Date of Payment	Remarks

Thanking You.

Yours faithfully,

<Authorized Signatory of Issuer>

**Annexure**

Details of Bank Limits Rated by ICRA (Rated on Long-Term Scale)	Bank/Lender	Amount (Rs. crore)	Rating	Rating Assigned on
Term Loan	State Bank of India	2.03	[ICRA]BB+ (Positive)	September 2019
Term Loan	Rajasthan State Industrial Development and Investment Corporation	4.68	[ICRA]BB+ (Positive)	September 2019
Term Loan	Exim Bank	7.05	[ICRA]BB+ (Positive)	September 2019
Cash Credit	State Bank of India	25.00	[ICRA]BB+ (Positive)	September 2019
Cash Credit	ICICI Bank	5.00	[ICRA]BB+ (Positive)	September 2019
Cash Credit	IDBI	3.00	[ICRA]BB+ (Positive)	September 2019
<b>Total</b>		<b>46.76</b>		

Details of Bank Limits Rated by ICRA (Rated on Short-Term Scale)	Bank/Lender	Amount (Rs. crore)	Rating	Rating Assigned on
Stand by Letter of Credit	State Bank of India	2.00	[ICRA]A4+	September 2019
Letter of Credit	ICICI Bank	20.00	[ICRA]A4+	September 2019
Letter of Credit	IDBI	10.00	[ICRA]A4+	September 2019
Credit Exposure Limit	State Bank of India	2.50	[ICRA]A4+	September 2019
Credit Exposure Limit	ICICI Bank	2.00	[ICRA]A4+	September 2019
Credit Exposure Limit	IDBI	1.00	[ICRA]A4+	September 2019
<b>Total</b>		<b>37.50</b>		

Details of Bank Limits Rated by ICRA (Rated on Long and Short-Term Scale)	Amount (Rs. crore)	Rating	Rating Assigned on
Unallocated Limits	38.66	[ICRA]BB+ (Positive)/ [ICRA]A4+	September 2019
<b>Total</b>	<b>38.66</b>		




September 18, 2019

## Reliance Chemotex Industries Limited: Ratings reaffirmed; Outlook revised to 'Positive'

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	19.47	13.76	[ICRA]BB+; Reaffirmed, Outlook revised to Positive from Stable
Cash Credit	33.00	33.00	[ICRA]BB+; Reaffirmed, Outlook revised to Positive from Stable
Standby Limit	3.00	2.00	[ICRA]A4+; Reaffirmed
Non-fund Based Limits	35.50	35.50	[ICRA]A4+; Reaffirmed
Unallocated Limit	31.95	38.66	[ICRA]BB+ / [ICRA]A4+; Reaffirmed, Outlook revised to Positive from Stable
<b>Total</b>	<b>122.92</b>	<b>122.92</b>	

\*Instrument details are provided in Annexure-1

### Rationale

The revision in outlook to 'positive' reflects the strengthening of networth and expected improvement in the Reliance Chemotex Industries Limited (RCIL)'s coverage indicators in the near term attributable to the full redemption of preference shares amounting to Rs. 23.08 crore in August 2019, leading to savings on dividend outflow (on preference shares) in the business. Also, the redemption of preference shares was fully funded by raising equity of Rs. 23.16 crore through the rights issue in July 2019, thereby supporting the capital structure. ICRA notes that RCIL in the near term has planned for a debt funded capex of ~Rs 52 crore which will enable the company to manufacture various value-added yarn which command higher margin. Though the capex is debt funded, low interest rates under state policy scheme and ballooning repayment regime provides some comfort. However, commensurate returns and benefits from the capex in term of cost efficiencies would be the key monitorable in the near term. ICRA also notes that there is also a likelihood of reduction in power costs based on the tariff petition submitted by power DISCOM backed by textile company's representation to the regulator (Rajasthan Electricity Regulatory Commission) for reduction in tariff for power intensive industries like Textiles, which if approved is likely to lead to notable reduction in the power cost going forward. The ratings continue to reflect the extensive experience of the company's promoters in the textile industry, its diversified geographical presence and company's low working capital intensity of business driven by the prudent working capital management with favourable receivable cycle.

The ratings, however, remain constrained by the vulnerability of company's profitability to adverse fluctuations in the raw material prices, and limited bargaining power with its suppliers, in an intensively competitive manmade yarn industry which limits pricing flexibility. The ratings also take note of the company's exposure to foreign exchange rate risk given the presence of sizable exports in the business though the risk is mitigated to an extent by active forward hedging. The ratings also take note of the low DSCR of 1.02X as on March 31, 2019 given the high repayment obligation which is tightly matched with the net accruals in FY2019, and average coverage indicators.

## Key rating drivers and their description

### Credit strengths

**Established track record of promoters in the textile industry** - The promoter, Mr. S.L. Shroff and family has been in textile business for over four decades. Over the years the company has established strong relationship with prominent suppliers in the domestic market. Furthermore, the company has developed a strong clientele in both domestic and international market which has diversified company geographical presence and has also resulted in repeat orders.

**Comfortable capital structure which is further likely to improve in the current year due to full redemption of preference share and infusion of equity from rights issue** - As on March 31, 2019 the company's capital structure remain comfortable as indicated by a gearing of 1.2X driven by controlled working capital borrowings. In August 2019, the company fully redeemed the preference shares amounting to Rs.23.08 crore leading to reduction in debt levels. Also, the redemption of preference shares was fully funded by raising equity of Rs.23.16 crore through the rights issue in July 2019, thereby strengthening the company's networth base which is likely to improve the capital structure in the near term.

**Healthy growth in operating income backed by improved sale realisation and volumes coupled with improvement in operating profitability driven by favourable product mix** - In FY2019, RCIL recorded a revenue growth of ~14% in the OI to Rs.324.4 crore in FY2019 from Rs.284.5 crore in FY2018 due to improvement in the sales volume and realisation. Further, with the increasing share of higher margin commanding value add yarn in the product mix and better absorption of fixed costs with increase in the scale of operation has enabled the company to improve its operating margin to 8.2% in FY2019 from 6.9% in FY2018.

**Various benefit reaped under technology upgradation fund scheme (TUF) of Central Govt. and good borrower scheme of Rajasthan State Industrial Development & Investment Cooperation** - The company is eligible under various central & state government incentives such as interest subsidy benefits under TUF (Technology Upgradation Fund Scheme) and good borrow schemes that effectively reduces the interest cost and payback period to a large extent.

### Credit challenges

**Relatively average coverage indicators and debt protection metrics** - The company's coverage indicators continue to remain relatively average, with interest coverage of 2.0X and TD/OPBDIT of 3.1X in FY2019 although it has improved from interest coverage of 1.6X and TD/OPBDIT of 4.8X in FY2018 due to improvement in the operating profitability. Further, the full redemption of preference shares amounting to Rs. 23.08 crore in August 2019, will lead to savings on dividend outflow in the business during FY2020.

**Profitability vulnerable to raw material price movements, due to low bargaining power, power cost and forex fluctuations** - The company's key raw materials include polyester staple fibre (PSF), viscose staple fibre (VSF) and acrylic fibre. The raw material procurement is mainly made from the domestic market. The raw material prices are primarily controlled by the large suppliers, offering RCIL limited bargaining power and pricing flexibility. Though the company is steadily diversifying its supplier base to improve its bargaining power. Also, VSF which forms ~60% of the raw material cost continue to chart stable price in comparison to prices of PSF which has remained volatile in the past. Being a net exporter, there is exposure to forex movements (Euro and US dollar). The company has a net foreign receivable position and primarily hedges its receivables through forward contracts. The active forex-hedging mechanism reduces the susceptibility of margins to unfavourable forex movement risks to a large extent.

**Near term debt funded capex likely to keep return indicators weak; adequate returns from ongoing capex critical for overall improvement in financial profile** - RCIL has regularly invested in capex over the last few years and has another capacity expansion plan over the near term. The company is expected to incur a capex of Rs. 52.00 crore in two phases, which will be funded through a mix of debt and, unsecured loan from promoters and internal accruals. The phase I of said capex was initially planned to be undertaken in FY2019, however, given the challenging market condition and the general election year in India dissuaded the company to go ahead with the capex. However, the said capex is likely to commence in the current year. Given the debt-funded nature of the capex, the external long-term debt levels are expected to rise in the near term. The planned capex to (modernise a part of the vintage spindles) is expected to be operational by FY2021 and will lead to better production efficiencies and output. ICRA draws comfort from the ballooning repayment schedule and low effective interest on the sanctioned loan, which enhances the overall project viability. However, lack of commensurate returns from the capex will negatively impact the key credit metrics.

**Intense competition in the textile industry** - RCIL faces competition from international as well as domestic yarn manufacturers. In the domestic market, there is intense competition and fragmentation, limiting the pricing power of the textile companies and affecting their margins.

### Liquidity position: Adequate

The repayment for the next three fiscals are in the range of Rs. 5-8 crore, which should be comfortably covered by the cash accruals going forward, though for FY2019, cash accrual was tightly matched with the repayment. Further, the working capital utilisation in the last 7 months remain at ~66% of sanctioned limits indicating adequate buffer of undrawn line of credit. Also, RCIL's near term debt funded capex will have favourable repayment terms and subsidized interest rate which are likely to support the cash flows.

### Rating sensitivities

**Positive triggers** - ICRA could upgrade RCIL's rating if the company demonstrates a steady improvement in profitability by better management of overhead costs and generate healthy return from the capex which is expected to improve the return indicators in the near term. Improvement in adjusted interest coverage of over 3.5 times coupled with DSCR of over 1.5X on sustained basis shall trigger an upgrade revision.

**Negative triggers** - Negative pressure on RCIL's rating could arise if, company's if the operating margin weakens and any inability to generate commensurate return from its debt funded capex. Also, company's inability to maintain interest coverage above 2.5 times and DSCR of 1.2X on sustained basis shall trigger a downward revision in ratings.

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Indian textiles industry - Spinning</a>
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company

### About the company

Incorporated in 1977, RCIL manufactures synthetic and blended yarn. The company's product count ranges from Ne 6s to Ne 50s in single, double and multi-ply yarn. RCIL is promoted by Mr. S.L. Shroff. His son, Mr. Sanjiv Shroff, is the company's Managing Director at present. RCIL's shares have been listed on the Bombay Stock Exchange since 2001.

Based out of Mumbai, the company has branch offices in Kolkata and Delhi, while its manufacturing facility is in Udaipur, Rajasthan, with an installed capacity of 53,280 spindles.

In FY2019, the company has booked a net profit of Rs.4.1 crore on an operating income of Rs.324.4 crore against a net profit of Rs.2.6 crore on an operating income of 284.5 crore in FY2018.

### Key financial indicators

	FY2018 (Audited)	FY2019 (Audited)
Operating Income (Rs. crore)	284.5	324.4
PAT (Rs. crore)	2.6	4.1
OPBDIT/OI (%)	6.9%	8.2%
RoCE (%)	8.4%	12.3%
Total Outside Liabilities/Tangible Net Worth (times)	2.2	2.3
Total Debt/OPBDIT (times)	4.8	3.1
Interest Coverage (times)	1.6	2.0
DSCR (ex. STD/prepayment)	0.8	1.0

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instrument	Current Rating (FY2020)		Chronology of Rating History for the Past 3 Years						
	Type	Amount Rated (Rs. crore)	Amount Outstanding as of July 2019 (Rs. crore)	18-Sep-19	03-Jan-19	15-Feb-18	10-Feb-17	24-Jun-16	
1 Term Loans	Long Term	13.76	13.76	[ICRA]BB+ (Positive)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	
2 Cash Credit	Long Term	33.00	-	[ICRA]BB+ (Positive)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB- (Negative)	
3 Standby Limit	Short Term	2.00	-	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+	[ICRA]A3	[ICRA]A3	
4 Non-fund Based Limits	Short Term	35.50	-	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+	[ICRA]A3	[ICRA]A3	
5 Unallocated Limit	Long and Short Term	38.66	-	[ICRA]BB+ (Positive)/ [ICRA]A4+	[ICRA]BB+ (Stable)/ [ICRA]A4+	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-	

Amount in Rs. crore

### Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

### 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 Loans	FY2015	~12%	FY2019-2023	13.75	[ICRA]BB+(Positive)
NA	Cash Credit	NA	NA	-	33.00	[ICRA]BB+(Positive)
NA	Standby Limit	NA	NA	-	2.00	[ICRA]A4+
NA	Non-fund Based Limits	NA	NA	-	35.50	[ICRA]A4+
NA	Unallocated Limit	NA	NA	-	38.66	[ICRA]BB+(Positive) / [ICRA]A4+

Source: RCL

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

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## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment information and credit rating agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The International Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited

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# RELIANCE CHEMOTEX INDUSTRIES LIMITED

RCIL/SEC/19-20/

Dated: 13/12/2019

To,

BSE Limited  
24 Pheroze Jeejeebhoy Tower,  
Dalal Street,  
Mumbai-400001

Subject- Intimation Under Regulation 30 of SEBI (Listing Obligation And Disclosure Requirement), Regulation, 2015- Revision Credit Rating.

Dear Sir,

Pursuant to Regulation 30 and Schedule III of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 and as per the policy on determination of materiality of event. We would like to inform that India Rating & Research Pvt Ltd had assigned the Long Term Rating IND BBB - from ICRA BB+ and Short Term Rating IND A3 from ICRA A4+. Copy of letter enclosed for your reference.

This is for your information and necessary Record.

Thanking You,  
For Reliance Chemotex Industries Limited

(Vimal Tank)  
Company Secretary and Compliance Officer

Mr. Chandrasekran  
Chief Financial Officer  
Reliance Chemotex Industries Limited  
27 Jolly Makers Chambers No 2,  
Nariman Point, Mumbai - 400021  
Maharashtra

December 5, 2019

**Kind Attn.: Mr. Chandrasekran, Chief Financial Officer**

Dear Sir,

**Re: Rating Letter for Reliance Chemotex Industries Limited**

India Rating and Research (Ind-Ra) has assigned Reliance Chemotex Industries Limited (RCIL) a Long-Term Issuer Rating of 'IND-BBB-'. The Outlook is Stable. The instrument-wise rating actions are as follows:

Instrument Type	Size of Issue (million)	Rating/Outlook	Rating Action
Term loan	INR476.22	IND BBB-/Stable	Assigned
Fund-based facilities	INR330	IND BBB-/Stable /IND A3	Assigned
Non-fund-based facilities	INR300	IND A3	Assigned
Proposed non-fund-based facilities*	INR100	Provisional IND A3	Assigned

\* The ratings are provisional and shall be confirmed upon the sanction and execution of loan documents for the above facilities by RCIL to the satisfaction of Ind-Ra.

*Details of bank facilities are mentioned in the Annexure.*

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.



Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient



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In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at 022 – 4000 1700.

Sincerely,

India Ratings



Devendra Kumar Pant  
Senior Director



Sunil Kumar Sinha  
Director

**Annexure: Details of Bank Loan Facilities Rated**

**Annexure 1: Bank Facilities from IDBI Bank**

Facilities	Ratings Assigned	Sanctioned Limit/ Outstanding (INR million)
Fund-based limits	IND BBB-/Stable/IND A3	30.0
Non-fund-based limits	IND A3	100.0

**Annexure 2: Bank Facilities from ICICI Bank**

Facilities	Ratings Assigned	Sanctioned Limit/ Outstanding (INR million)
Fund-based limits	IND BBB-/Stable/IND A3	50.0
Non-fund-based limits	IND A3	200.0

**Annexure 3: Bank Facilities from EXIM Bank**

Facilities	Ratings Assigned	Sanctioned Limit/ Outstanding (INR million)
Term Loan	IND BBB-/Stable	65

**Annexure 4: Bank Facilities from State Bank of India**

Facilities	Ratings Assigned	Sanctioned Limit/ Outstanding (INR million)
Term Loan	IND BBB-/Stable	14.58
Fund-based limits	IND BBB-/Stable/IND A3	250

**Annexure 5: Bank Facilities from Rajasthan State Industrial Development and Investment Corporation**

Facilities	Ratings Assigned	Sanctioned Limit/ Outstanding (INR million)
Term Loan	IND BBB-/Stable	396.64

**Annexure 6: Proposed Facility**

Facilities	Ratings Assigned	Sanctioned Limit/ Outstanding (INR million)
Non-fund-based limits	Provisional IND A3	100

*Debant*



**RELIANCE**  
CHEMOTEX INDUSTRIES LIMITED

Date: October 01, 2020

To  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street Mumbai- 400001

**Ref: Reliance Chemotex Industries Limited, Scrip Code: 503162**

**Subject: Intimation under Regulation 30 Of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 –Credit Rating Upgrade**

Dear Sir / Madam,

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we would like to inform you that ICRA Limited has upgraded the credit ratings as mentioned below:

Instrument	Rated Amount (Rs. Crores)	Rating Action
Term Loans	46.20	[ICRA]BBB-; Upgraded from [ICRA]BB+; Outlook revised to Stable from Positive
Cash Credit	33.00	[ICRA]BBB-; Upgraded from [ICRA]BB+; Outlook revised to Stable from Positive
Stand by Line of Credit	2.00	[ICRA]A3; Upgraded from [ICRA]A4+
Letter of Credit	30.00	[ICRA]A3; Upgraded from [ICRA]A4+
Credit Exposure Limit	5.50	[ICRA]A3; Upgraded from [ICRA]A4+
Unallocated Limits	6.22	[ICRA]BBB-/[ICRA]A3; Upgraded from [ICRA]BB+/[ICRA]A4+; Outlook on long-term rating revised to Stable from Positive
<b>Total</b>	<b>122.92</b>	

This is for your information and necessary record.

Yours Faithfully,  
For Reliance Chemotex Industries Limited

Chirag Gupta  
Company Secretary

Registered Office & Works : Village Kanpur, P. O. Box No. 73, Udaipur-313 003 (Raj.)  
Phone : (0294) 2490488, 2491489-90 Fax : 0294-2490067 e-mail: udaipur@reliancechemotex.com  
Website : www.reliancechemotex.com CIN : L40102RJ1977PLC001994

September 29, 2020

## Reliance Chemotex Industries Limited: Ratings upgraded to [ICRA]BBB-/[ICRA]A3; outlook revised to Stable from Positive

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	13.76	46.20	[ICRA]BBB-; Upgraded from [ICRA]BB+; Outlook revised to Stable from Positive
Cash Credit	33.00	33.00	[ICRA]BBB-; Upgraded from [ICRA]BB+; Outlook revised to Stable from Positive
Stand by Line of Credit	2.00	2.00	[CRA]A3; Upgraded from [ICRA]A4+
Letter of Credit	30.00	30.00	[CRA]A3; Upgraded from [ICRA]A4+
Credit Exposure Limit	5.50	5.50	[CRA]A3; Upgraded from [ICRA]A4+
Unallocated Limits	38.66	6.22	[ICRA]BBB-/ [ICRA]A3; Upgraded from [ICRA]BB+/ [ICRA]A4+; Outlook on long-term rating revised to Stable from Positive
<b>Total</b>	<b>122.92</b>	<b>122.92</b>	

\*Instrument details are provided in Annexure-1

### Rationale

The ratings upgrade notes the improvement in the company's margins in FY2020, which is expected to be sustainable in nature and grow further, driven by the movement into better-margin products through the ongoing modernisation capex. Going forward, its margins are likely to be supported by the reduction in the power tariff rate with effect from February 2020, along with the ongoing installation of solar capacity of 3-3.5 MW estimated to be completed by FY2022. The ratings factor in the strengthening of Reliance Chemotex Industries Limited's (RCIL) net worth position, aided by raising of additional equity capital through rights issues, which were utilised to fully redeem its preference share capital leading to savings on dividend outflow (on preference shares) and a sustainable improvement in the capital structure. ICRA notes that RCIL is in the midst of a debt-funded capex of ~Rs. 52.0 crore for expansion and modernisation of its manufacturing facility, which will increase the flexibility of its manufacturing capabilities and operational efficiencies. The company had successfully completed the first phase of the capex and is in the process to commence the second phase of the capex. Though the capex is debt-funded, low interest rates under the state policy scheme and ballooning repayment regime remain a source of comfort. However, commensurate returns, timely completion of the remaining capex and benefits from the capex in terms of cost efficiencies are yet to be seen. Further, in the current fiscal, through better working capital management mainly on the debtors front, RCIL has shored up liquidity in the form of fixed deposit, which is likely to continue as buffer of ~Rs. 10-15 crore. Going forward, this will support its liquidity position. The ratings continue to reflect the extensive experience of the company's promoters in the textile industry, its diversified geographical presence and low working capital intensity of business, driven by prudent working capital management with a favourable receivable cycle.

The ratings, however, remain constrained by the vulnerability of the company's profitability to adverse fluctuations in the raw material prices and limited bargaining power with its suppliers, in an intensively competitive man-made yarn industry, which limits pricing flexibility. The ratings note RCIL's exposure to foreign exchange rate risk, given the presence of sizeable exports in the business. However, the risk is mitigated to an extent by active forward hedging implemented by the company. ICRA also takes note of the return indicators, which are likely to moderate in the near term on account of the ongoing debt-funded capex. The ratings consider RCIL's average coverage indicators, which improved in FY2020 over FY2019 and yet remain moderate. The ratings factor in the likely impact of the Covid-19 pandemic on the

company's top line during the current fiscal, which was impacted in Q1 FY2021 because of the lockdown. Nevertheless, the capacity utilisation reached 85% in Q2 FY2021 and is expected to reach the pre-Covid-19 levels in H2 FY2021.

The Stable outlook on the [ICRA]BBB- rating reflects ICRA's opinion that RCIL will continue to benefit from the extensive experience of its promoters, measures for reducing operating costs, strong net worth and adequate liquidity position.

## Key rating drivers and their description

### Credit strengths

**Established track record of promoters in textile industry** – The promoter, Mr. S. L. Shroff and family has been in the textile business for over four decades. Over the years, the company has established strong relationship with prominent suppliers in the domestic market. Furthermore, it has developed a strong clientele in both domestic and international market, which has diversified its geographical presence and has resulted in repeat orders.

**Improved capital structure in FY2020 and strengthening of net worth base** – The company's capital structure remains comfortable as indicated by a low gearing of 0.6 times as on March 31, 2020, against 1.2 times as on March 31, 2019, driven by redemption of preference share capital and controlled working capital borrowings. In August 2019, it had fully redeemed the preference share capital of Rs. 23.1 crore leading to reduction in debt levels. The redemption of preference share capital was funded by raising equity capital of Rs. 23.2 crore through the rights issue in July 2019. This has strengthened its net worth base, which increased to Rs. 98.1 crore as on March 31, 2020 from Rs. 66.9 crore as on March 31, 2019, resulting in an improved capital structure.

**Benefits derived from TUFs and the Rajasthan Investment Promotion Scheme, 2014 under the Rajasthan State Government** – The company is eligible for various Central and state government incentives such as interest subsidy benefits under the Technology Upgradation Fund Scheme (TUFs) and the Rajasthan Investment Promotion Scheme, 2014, which effectively reduces the interest cost and payback period to a large extent.

**Anticipated improvement in cost structure supported by upgradation capex and reduction in power cost** – In FY2020, the company had capitalised a part of its ongoing capital expenditure of Rs. 12.9 crore (total capex of Rs. 52.00 crore), which involved replacement of some old spindles and other research and development expenses to improve the efficiency of the unit. This led to some improvement in its operating margin, coupled with other factors. Further, the reduction in power tariff, with effect from February 2020, is likely to lead to savings in the power cost in the near term and support its operating margin. Further, at present, RCIL is in the process of setting up solar panels at its manufacturing unit in Udaipur of 3-3.5 MW, which shall be successfully implemented by FY2022. The same is likely to reduce the company's power cost in the future.

### Credit challenges

**Relatively moderate coverage indicators and debt protection metrics** – The company's coverage indicators continue to remain moderate, with interest coverage of 2.5 times and TD/OPBDIT of 1.9 times in FY2020, compared to interest coverage of 2.0 times and TD/OPBDIT of 3.1 times, respectively, in FY2019 due to improvement in the operating profitability and reduction in the interest expenses. Further, the redemption of preference share capital of Rs. 23.08 crore in August 2019 led to savings on dividend (i.e. treated as interest expenses) outflow in the business in FY2020. Nevertheless, the adjusted interest coverage, excluding interest paid to supplier of raw material, stood at 2.9 times in FY2020.

**Return indicators likely to moderate due to ongoing debt-funded capex** – RCIL has regularly invested in capex over the last few years. It has planned another capex and modernisation programme for its manufacturing facility, which is at present under progress. The company expects to incur a capex of Rs. 52.0 crore in two phases, which shall be funded

through a mix of debt (i.e. term loan of Rs. 35.5 crore) and unsecured loans; sales proceeds of old machinery and internal accruals. It has successfully completed the first phase of this capex (i.e. replacement of 6,240 spindles and have allocated some of the older spindles for research and development process). The company is in the process to commence the second phase of the capex. The ongoing capex (to expansion and modernisation of the facility) is expected to be fully operational by FY2022 and shall lead to better production efficiencies and output. However, given the debt-funded nature of the capex, the external long-term debt levels are likely to rise in the near term. ICRA draws comfort from the ballooning repayment schedule and low effective interest on the sanctioned loan, which enhances the overall project viability. However, the lack of commensurate returns from the capex will negatively impact the key credit metrics over the short to medium term.

**Profitability vulnerable to raw material price movements due to low bargaining power and forex fluctuations** – The company's key raw materials include polyester staple fibre (PSF), viscose staple fibre (VSF) and acrylic fibre. The raw material procurement is mainly made from the domestic market. The raw material prices are primarily controlled by the large suppliers, offering RCIL limited bargaining power and pricing flexibility. However, the company is steadily diversifying its supplier base to improve its bargaining power. Further, the raw materials are crude oil derivatives, with its profitability remaining a function of the extent of pass-on arrangements with its clients. Being a net exporter, there is exposure to forex movements (Euro and US dollar). The company has a net foreign receivable position and primarily hedges its receivables through forward contracts. The active forex hedging mechanism reduces the susceptibility of its margins to unfavourable forex movement risks to a large extent.

**Intense competition in textile industry** – RCIL faces competition from international as well as domestic yarn manufacturers. In the domestic market, there is intense competition and fragmentation, limiting the pricing power of the textile companies and affecting their margins. ICRA takes note of the decline in its revenue and profitability in Q1 FY2021 over Q1 FY2020 because of the Covid-19 pandemic-induced lockdown. Though the company's revenues recovered in Q2 FY2021, the extent of the recovery during the full year, in terms of top line and profits, will be a key credit monitorable.

### Liquidity position: Adequate

RCIL's liquidity profile remained **adequate** as reflected by 67% utilisation of working capital limits during the last twelve months, reflecting sufficient buffer against its sanctioned working capital limits. The company has reported positive cash flows from operations during the last five years, supported by reasonable profits from the business. With the ongoing capex, its long-term debt is likely to increase. However, the same shall be supported by healthy cash accruals from the business in the medium term and the subsequent years. In Q2 FY2021, the company has created fixed deposit receipts (FDR) of Rs. 14.5 crore with the bank, which is expected to continue as additional buffer in the system.

### Rating sensitivities

**Positive triggers** – ICRA could upgrade RCIL's rating if the company demonstrates a steady improvement in its operating margin and generates healthy return from the capex, which will improve the return indicators in the near term. Moreover, an improvement in the adjusted (for interest paid to suppliers against raw materials) interest coverage to over 3.5 times, on a sustained basis, shall trigger a rating upgrade.

**Negative triggers** – Negative pressure on RCIL's rating could arise if it is unable to sustain its operating margin at FY2020 levels. Moreover, inability to generate commensurate return from its debt-funded capex or maintain an adequate liquidity and inability to maintain adjusted interest coverage above 2.8 times, on a sustained basis, shall trigger a downward revision in ratings.

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Rating Methodology for Entities in the Textiles Industry-Spinning</a>
Parent/Group Support	Not applicable.
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company.

## About the company

Incorporated in 1977, RCIL manufactures synthetic and blended yarn. The company's product count ranges from Ne 6s to Ne 50s in single, double and multi-ply yarn. RCIL is promoted by Mr. S. L. Shroff. His son, Mr. Sanjiv Shroff, is the company's Managing Director at present. The company's shares have been listed on the Bombay Stock Exchange since 2001.

Based out of Mumbai, the company has branch offices in Kolkata and Delhi, while its manufacturing facility is in Udaipur, Rajasthan, with an installed capacity of 53,280 spindles.

For the three-month period that ended on June 30, 2020, RCIL reported a net loss of Rs. 1.4 crore on an operating income (OI) of Rs. 40.8 crore, against a profit after tax (PAT) of Rs. 3.5 crore on an OI of Rs. 75.0 crore for the three-month period that ended on June 30, 2019:

## Key financial indicators (audited)

	FY2019	FY2020
Operating Income (Rs. crore)	324.4	296.8
PAT (Rs. crore)	4.1	9.3
OPBDIT/OI (%)	8.2%	9.6%
PAT/OI (%)	1.3%	3.1%
Total Outside Liabilities/Tangible Net Worth (times)	2.3	1.3
Total Debt/OPBDIT (times)	3.1	1.9
Interest Coverage (times)	2.0	2.5
Interest Coverage (times)*	2.3	2.9

\*adjusted for interest paid to suppliers

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instrument	Current Rating (FY2021)				Rating History for the Past 3 Years		
	Type	Amount Rated	Amount Outstanding as on March 31, 2020	Rating:	FY2020	FY2019	FY2018
				29-Sep-2020	18-Sep-2019	03-Jan-2019	15-Feb-2018
1. Term Loans	Long Term	46.20	16.22	{ICRA}BBB-(Stable)	{ICRA}BB+(Positive)	{ICRA}BB+(Stable)	{ICRA}BB+(Stable)
2. Cash Credit	Long Term	33.00	-	{ICRA}BBB-(Stable)	{ICRA}BB+(Positive)	{ICRA}BB+(Stable)	{ICRA}BB+(Stable)
3. Stand by Line of Credit	Short Term	2.00	-	{ICRA}A3	{ICRA}A4+	{ICRA}A4+	{ICRA}A4+
4. Letter of Credit	Short Term	30.00	-	{ICRA}A3	{ICRA}A4+	{ICRA}A4+	{ICRA}A4+
5. Credit Exposure Limit	Short Term	5.50	-	{ICRA}A3	{ICRA}A4+	{ICRA}A4+	{ICRA}A4+
6. Unallocated Limits	Long Term/Short Term	6.22	-	{ICRA}BBB-(Stable)/ {ICRA}A3	{ICRA}BB+(Positive)/ {ICRA}A4+	{ICRA}BB+(Stable)/ {ICRA}A4+	{ICRA}BB+(Stable)/ {ICRA}A4+

Amount in Rs. crore

### Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in).

### 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 Loans	FY2015	NA	FY2022- FY2028	46.20	[ICRA]BBB- (Stable)
NA	Cash Credit	NA	NA	NA	33.00	[ICRA]BBB- (Stable)
NA	Stand by Line of Credit	NA	NA	NA	2.00	[ICRA]A3
NA	Letter of Credit	NA	NA	NA	30.00	[ICRA]A3
NA	Credit Exposure Limit	NA	NA	NA	5.50	[ICRA]A3
NA	Unallocated Limits	NA	NA	NA	6.22	[ICRA]BBB- (Stable)/[ICRA]A3

Source: Reliance Chemtex Private Limited

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Mr. Sanjiv Shroff  
Managing Director  
Reliance Chemotex Industries Limited  
27 Jolly Maker Chambers, No 2, Nariman Point,  
Mumbai-400 021.

February 09, 2026

*Dear Sir/Madam,*

**Re: Rating Letter for BLR of Reliance Chemotex Industries Limited**

India Ratings and Research (Ind-Ra) has downgraded Reliance Chemotex Industries Limited's (RCIL) bank loan facilities' long-term rating to 'IND BBB' with a Stable Outlook from 'IND BBB' and short-term rating to 'IND A3' from 'IND A3+' as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR2,000 (reduced from INR2,200.62)	IND BBB-Stable/IND A3	Downgraded

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties; the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reasons India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at [infogrp@ndiaratings.co.in](mailto:infogrp@ndiaratings.co.in)

Sincerely,

India Ratings  


**Barath Ramjee**  
Director

**Annexure: Facilities Breakup**

<b>Instrument Description</b>	<b>Bank Name</b>	<b>Ratings</b>	<b>Outstanding/Rated Amount(INR million)</b>
Fund Based Working Capital Limit	State Bank of India	IND BBB-Stable/IND A3	270.00
Fund Based Working Capital Limit	ICICI Bank	IND BBB-Stable/IND A3	49.50
Fund Based Working Capital Limit	IDBI Bank	IND BBB-Stable/IND A3	30.00
Non-Fund Based Working Capital Limit	State Bank of India	IND A3	150.00
Non-Fund Based Working Capital Limit	ICICI Bank	IND A3	350.00
Non-Fund Based Working Capital Limit	IDBI Bank	IND A3	300.00
Term Loan	Rajasthan State Industrial Development and Investment Corporation	IND BBB-Stable	152.30
Term Loan	EXIM Bank	IND BBB-Stable	347.50
Term Loan	ICICI Bank	IND BBB-Stable	277.50
Term Loan	ICICI Bank	IND BBB-Stable	104.20
Derivative instruments	State Bank of India	IND A3	35.00