

## Sri Jaya Maaruthi Yarn Indiaa Private Limited

March 02, 2021

### Ratings

Facilities	Amount (Rs. Crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE BB; Stable (Double B; Outlook: Stable) and Withdrawn
<b>Total Bank Facilities</b>	-		

*Details of facilities in Annexure-1*

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

CARE has reviewed the rating assigned to the bank facilities of Sri Jaya Maaruthi Yarn Indiaa Private Limited and reaffirmed the rating to CARE BB; Stable and has simultaneously withdrawn it, with immediate effect. The reaffirmation in ratings also factors in increase in profitability margins, decline in total operating income in FY20, deterioration in capital structure and debt coverage indicators, and small scale of operations. The rating continues to be tempered by susceptibility of profitability margins to volatility in the raw material prices with supplier concentration risk and highly competitive business segment due to presence of numerous organised and unorganised players. The rating continues to derive benefits from promoters' extensive experience in textile industry.

The rating withdrawal is at the request of Sri Jaya Maaruthi Yarn Indiaa Private Limited and 'No Objection Certificate' received from the bank that has extended the facilities rated by CARE.

**Analytical approach:** Standalone

### Applicable Criteria

[Policy on Withdrawal of ratings](#)

[Criteria on assigning Outlook and credit watch to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[CARE's Methodology for Manufacturing Companies](#)

[Rating Methodology- Man-made Yarn Manufacturing Sector](#)

### About the company

Incorporated in 2014, Sri Jaya Maaruthi Yarn Indiaa Private Limited (SJMYPL) manufactures viscose staple fibre yarn with a capacity of 12,960 spindles. The company is promoted and managed by five directors: Mr. M Baskaran, Mr. M Venkatesan, Mr. NK Periyasamy, Mr. VP Ganesan, and Mr. V Suresh Kumar. The promoters of SJMYPL have more than two decades in the textile industry with established strong relationship with customers and suppliers. The company procure major raw material of viscose staple fibre (VSF) from the Grasim Industries Limited. During FY19, the company has installed windmill whose installed capacity is 750 KW. During the year, 3 lakh units were consumed from own source. SJMYIPL consumes 100% of power generated from their windmill to cater the power needs of the spinning unit.

Brief Financials (Rs. crore)	FY19 (A)	FY20(A)
Total operating Income	57.77	49.45
PBILDT	5.34	6.09
PAT	0.85	0.95
Overall Gearing (times)	2.24	2.65
Interest coverage (times)	2.76	2.28

A: Audited,

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

**Any other information:** Not Applicable

**Rating History:** Please refer Annexure-2

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit	-	-	-	0.00	Withdrawn

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BB; Stable (02-Mar-20)	1)CARE BB; Stable (06-Mar-19) 2)CARE BB; Stable (18-Apr-18)	-
2.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB; Stable (02-Mar-20)	1)CARE BB; Stable (06-Mar-19) 2)CARE BB; Stable (18-Apr-18)	-

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-** Information not available

**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**