

Sriyansh Knitters

April 20, 2017

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	11.50	CARE BB-; ISSUER NOT COOPERATING* (Double B minus; ISSUER NOT COOPERATING*)	Issuer not cooperating
Short-term Bank Facilities	1.50	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Issuer not cooperating
Total	13.00 (Rupees Thirteen crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Sriyansh Knitters to monitor the rating(s) vide e-mail communications/ letters dated March 06, 2017, and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines CARE's rating on Sriyansh Knitters's bank facilities will now be denoted as **CARE BB-/CARE A4; ISSUER NOT COOPERATING. Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

Detailed description of the key rating drivers

At the time of last rating in April 19, 2016, the following were the rating strengths and weaknesses:

Key Rating Strengths

Experienced and resourceful partners and established track record of entity: Mr Rakesh Jain, Managing Partner, has work experience of around three decades through his association with the firm Sriyansh Knitters (SK). Mr Dinesh kumar, Ms Rita Jain and Ms Samidhi Jain have been involved in firm's operations for ~3 decades, while Mr Manish Jain has work experience of 7 years through his association with SK.

Favorable location of operations: The firm benefits from the location advantage in terms of easy accessibility to customer base for knitted fabrics located in Ludhiana. Additionally, textile products like yarns and fabric are readily available owing to established supplier base in the same location as well.

Financial Risk profile

The financial risk profile of the firm is marked by healthy scale-up of operations, moderate capital structure and weak debt coverage indicators.

Income & Profitability: The scale of operations of the firm has grown at a healthy CAGR of ~19% from Rs.41.34 crore in FY13 (refers to the period April 01 to March 31) to Rs.58.25 crore in FY15. The profitability margins of the firm have remained moderate with PBILDT and PAT margins of 4.55% and 1%, respectively, in FY15.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Solvency: The capital structure of the firm remained moderate with long-term debt to equity and overall gearing ratios of 0.05x and 1.72x, respectively, as on March 31, 2015. The debt coverage indicators of the firm, however, remained weak with total debt to GCA of 14.19x, as on March 31, 2015 and interest coverage ratio of 1.48x in FY15.

Key Rating Weaknesses

Small scale of operations with low net-worth base: The firm's scale of operations remained low marked by total operating income (TOI) of Rs.58.25 crore in FY15 and net-worth base of Rs. 7.09 crore as on March 31, 2015.

Working capital intensive nature of operations: The operations of the firm are working capital intensive in nature as reflected by average operating cycle of 98 days as on March 31, 2015. The average utilization of working capital limits stood around 95% for the last 12 months period ended January 2016.

Exposure to raw material price volatility: The firm is susceptible to the fluctuations in raw material prices. The prices of the key raw materials are fluctuating in nature and the price variation is at times not completely passed on to the customers due to competitive market.

Highly competitive and fragmented industry: The firm operates in highly fragmented textile manufacturing industry due to the presence of large number of entities in the unorganized sector and established players in the organized sector. Furthermore, the firm is also exposed to competitive pressures from domestic players as well as from players situated in China and Bangladesh.

Partnership nature of its constitution: SK's constitution as a partnership firm leads to limited financial flexibility and inherent risk of capital withdrawal at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partner.

Analytical approach: Standalone

Applicable Criteria

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

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

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

[Rating Methodology-Manufacturing Companies](#)

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

[Criteria for Short Term Instruments](#)

About the Firm

Sriyansh Knitters is a partnership firm established in 1967 and managed by Mr Dinesh Kumar and his four family members with partners having equal profit and loss sharing ratio. The firm is engaged in trading of textile products and also manufacturing of readymade garments. The firm has a manufacturing unit in Ludhiana which has nine knitting machines and a manufacturing capacity of 6 lakh garments per annum.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

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

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About CARE Ratings:

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

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: 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-Cash Credit	-	-	-	11.50	CARE BB-; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	0.50	CARE A4; ISSUER NOT COOPERATING*
Fund-based - ST- Standby Line of Credit	-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING*

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Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	11.50	CARE BB-; ISSUER NOT COOPERATING*	-	1)CARE BB- (19-Apr-16)	-	-
2.	Non-fund-based - ST-Letter of credit	ST	0.50	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (19-Apr-16)	-	-
3.	Fund-based - ST- Standby Line of Credit	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (19-Apr-16)	-	-

*Issuer did not cooperate; Based on best available information

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CIN - L67190MH1993PLC071691