

Sriyansh Knitters

September 24, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	11.50	CARE B; ISSUER NOT COOPERATING* (Single B; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information*
Short term Bank Facilities	1.50	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information*
Total	13.00 (Rs. Thirteen crore only)		

Details of instruments/facilities in Annexure-I

Detailed Rationale and key rating drivers

CARE had, vide its press release dated July 05, 2018, placed the ratings of Sriyansh Knitters (SK) under the 'issuer non-cooperating' category as SK had failed to provide information for monitoring of the rating. SK continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated September 13, 2019, September 12, 2019 and September 11, 2019. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Detailed description of the key rating drivers

At the time of last rating in July 2018, following were the strengths and weaknesses:

Key Rating Weaknesses:

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. Further, 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.

Key Rating Strengths:

Experienced partners and established track record of entity

SK has been engaged in the business of manufacturing and export of readymade garments and knitted fabrics for more than four decades which aids in establishing relationship with both suppliers and customers. The firm is currently being managed by Mr. Rakesh Jain, Managing Partner, and his four relatives. Three of the partners have been involved in firm's operations for ~3 decades. Furthermore, the partners of the firm are supported by a team of experienced and qualified professionals having varied experience in the technical, finance and marketing fields.

Favorable location of operations

Ludhiana is a well-established hub of textiles. 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.

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](#)

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

[Rating Methodology-Manufacturing Companies](#)
[Financial ratios – Non-Financial Sector](#)
[Criteria for Short term instruments](#)

Liquidity position

The operating cycle of the firm stood elongated at ~98 days, as on March 31, 2015, with current ratio at a moderate level of 1.40x. The quick ratio stood at weak level of 0.45x, as on March 31, 2015. The cash & bank balance stood at a low level of Rs.0.36 cr., as on March 31, 2015. Further, CARE does not have adequate information to comment on the capex plans and debt repayment obligation of the firm for FY20, since the review has been done on the basis of limited information.

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 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.

Brief Financials (Rs. crore)	FY14 (A)	FY15 (A)
Total operating income	50.72	58.25
PBILDT	2.31	2.65
PAT	0.52	0.59
Overall gearing (times)	2.06	1.72
Interest coverage (times)	1.55	1.48

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

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 B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Letter of credit	-	-	-	0.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST- Standby Line of Credit	-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Issuer not cooperating; based on best available information*

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	11.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; ISSUER NOT COOPERATING* (05-Jul-18)	1)CARE BB-; ISSUER NOT COOPERATING* (20-Apr-17)	1)CARE BB- (19-Apr-16)
2.	Non-fund-based - ST-Letter of credit	ST	0.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (05-Jul-18)	1)CARE A4; ISSUER NOT COOPERATING* (20-Apr-17)	1)CARE A4 (19-Apr-16)
3.	Fund-based - ST-Standby Line of Credit	ST	1.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4; ISSUER NOT COOPERATING* (05-Jul-18)	1)CARE A4; ISSUER NOT COOPERATING* (20-Apr-17)	1)CARE A4 (19-Apr-16)

*Issuer not cooperating; based on best available information

Annexure-3: Detailed explanation of covenants of the rated facilities: Not Applicable

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

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly 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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