

Sriyansh Knitters

November 09, 2020

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	11.50	CARE B-; ISSUER NOT COOPERATING* (Single B Minus ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; ISSUER NOT COOPERATING* (Single B)
Short Term Bank Facilities	1.50	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	13.00 (Rs. Thirteen Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 24, 2019, placed the rating of Sriyansh Knitters 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/email dated October 15, 2020, October 14, 2020, October 13, 2020, and October 12, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating 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

The rating has been revised on account of highly competitive and fragmented industry, partnership nature of its constitution. The rating, however, drives strength from experienced partners and established track record of entity and favorable location of operations

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.

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

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' and 'credit watch' to Credit Ratings](#)

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

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

[Liquidity analysis of Non-financial sector entities](#)

[Rating Methodology-Manufacturing Companies](#)

[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 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

Any other information: Not Applicable

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*
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*

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-Cash Credit	LT	11.50	CARE B-; ISSUER NOT COOPERATING*	-	1)CARE B; ISSUER NOT COOPERATING* (24-Sep-19)	1)CARE B; ISSUER NOT COOPERATING* (05-Jul-18)	1)CARE BB-; ISSUER NOT COOPERATING* (20-Apr-17)
2.	Non-fund-based - ST-Letter of credit	ST	0.50	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Sep-19)	1)CARE A4; ISSUER NOT COOPERATING* (05-Jul-18)	1)CARE A4; ISSUER NOT COOPERATING* (20-Apr-17)
3.	Fund-based - ST- Standby Line of Credit	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Sep-19)	1)CARE A4; ISSUER NOT COOPERATING* (05-Jul-18)	1)CARE A4; ISSUER NOT COOPERATING* (20-Apr-17)

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

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 - ST-Standby Line of Credit	Simple
3.	Non-fund-based - ST-Letter of credit	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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – mradul.mishra@careratings.com

Analyst Contact

Name: Mr. Gaurav Gupta

Tel: 0172-4904002

Email: gaurav.g@careratings.com

Relationship Contact

Name: Mr. Anand Jha

Tel: 0172-4904001

Email ID: anand.jha@careratings.com

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 the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**