



Rating Rationale

14 December 2020

Aruppukottai Sri Jayavilas Private limited

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of ₹58.71 Crores of Aruppukottai Sri Jayavilas Private limited.(ASJVL) (erstwhile Arupukottai Sri Jayavilas Limited)

Particulars

Facility**	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (April 2019)	Present
Fund based	38.06	44.71	Long Term	BWR B+/Stable	BWR D Downgraded
Non Fund Based	14.00	14.00	Short Term	BWR A4	
Total	52.06	58.71	INR Fifty Eight Crores and Seventy One Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings ,

**Complete details of Bank facilities is provided in Annexure-I

Rating Action

Brickwork Ratings has downgraded the rating of Aruppukottai Sri Jayavilas Private Limited from 'BWR B+/Stable/BWR A4' to '**BWR D**'. BWR has factored the recent delays in serving debt obligation post moratorium as confirmed by the banker. The rating remains constrained by the modest scale of operations, below average financial risk profile and poor liquidity position

Credit Strength :

Extensive Experience of Promoters :

The Company and the promoters have a long track record of more than four decades and extensive experience in the textile industry, which has helped in understanding the business



cycles, establishing relationships with suppliers and customers, obtaining repeat orders and addressing associated inherent risks.

Diversified Business operations :

The company has entered into business activities like manufacturing and distribution of yarn, bus service for local routes and Indian Oil Outlet at Madurai. The line of business activities are conglomerate to each other. On an average the company derives more than 82% of its revenue from yarn distribution, 17% and above from Indian Oil outlets and the balance from bus service.

Credit Risk:

Below Average financial risk profile:

As per the provisional FY 20 financials the revenue of the company has declined from Rs. 194.2 Crs to Rs. 177.81 crores due to reduced orders and sudden decline in yarn prices due to Covid 19 pandemic. The Tangible Net worth of the company has increased from Rs. 21.50 Crs FY 19 to Rs. 22.38 Crs in FY 20 on account of retention of profits. Total Debt to TNW is high at 2.13 times in FY 20. The interest service coverage ratio remains moderate at 1.46 times in FY 20, Debt Service coverage Ratio remains low at 0.79 times and the current ratio is weak at 0.9 times in FY 20.

About the Company

Aruppukottai Sri Jayavilas Private limited (ASJVL) erstwhile Aruppukottai Sri Jayavilas Limited was incorporated in 1951, in Aruppukottai , TamilNadu. ASJVL manufactures cotton and polyester-blended cotton yarn used for knitting and weaving. The installed capacity of spinning division is 70,080 spindles. The company is also engaged in operating bus service for local route and the Company has one Indian Oil Retail Outlet at Madurai .

ASJVL owns three windmills located near kudamkulam with combined capacity of 850 KW. Mr.T.R.S.Karthikeyan, whole time director of the company has more than five decades of experience in the industry.

Liquidity Indicators : Poor

Liquidity is poor as reflected in low DSCR of 0.79 in FY 20. The company has high repayment obligations and moderate operating profit. Stretch in working capital has resulted in over utilisation of bank facilities in the last few months. Current ratio remains weak at less than 1 time.

Key Financial Performance.

As per the provisional FY 20 financial the company has earned a revenue of Rs. 177.81 Crs, EBITDA of Rs. 10.81 Crs and PAT of Rs. 0.88 Crs.



Key Financial Indicators

Key Parameters	Units	2020 (Provisional)	2019 (Audited)	2018 (Audited)
Result Type				
Operating Revenue	₹ Cr	177.81	194.2	181.93
EBITDA	₹ Cr	10.81	12.04	10.55
PAT	₹ Cr	0.88	1.79	2.93
Tangible Net worth	₹ Cr	22.38	21.5	19.72
Total Debt/Tangible Net worth	Times	2.13	2.39	2.93
Current Ratio	Times	0.90	0.84	0.86

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY-

On September 14, 2020, CRISIL had reaffirmed the rating of CRISIL B/STABLE/ A4 and continued the ratings in Issuer Not Cooperating Category*

*Issuer did not cooperate; based on best available information

Rating History for the last three years (Including withdrawal and suspended]

Sl. No.	Instrument/ Facility	Current Rating (December 2020)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	26 April 2019	27 Feb 2018	2017
1	Fund Based Cash Credit	Long Term	10.90	BWR D Downgraded	BWR B+/Stable	BWR B/Stable	-
2	Overdraft Cash Credit		10.80				
3	Term Loans-Existing		6.77*				
4	Working capital demand loans		8.10*				
5	COVID Term Loan		6.84				
6	FITL		1.3				
5	Non-Fund Based LC(WC)	Short Term	14.00			BWR A4	BWR A4
	Total		58.71	INR Fifty Eight Crores and Seventy One Lakhs Only			

*Term loan and WCDL o/s as on 31.10.2020

Annexure I - Details of Bank Facilities

Sl. No.	Name of the Bank	Type of Facility	Long Term [Rs Cr]	Short Term [Rs Cr]	Total [Rs Cr]
1	State Bank Of India	Cash Credit	10.90	-	10.90
		Term Loan	8.80	-	6.77
		WCDL	3.77	-	2.56
		Covid Term Loan	9.33		5.05
		FITL			0.62
		Letter of credit	-	7.00	7.00
2	Indian Bank	Cash Credit	10.80	-	10.80
		WCDL	3.79	-	5.54
		Covid Term Loan			1.79
		FITL			0.68
		Letter of credit	-	7.00	7.00
TOTAL - Rupees Fifty Eight Crores And Seventy One Lakhs Only					58.71

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)
- [Default Recognition and default curing period](#)

For any other criteria contain hyperlinks from website



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