

**SRI SHYAM FASHION INDIA PVT LTD**

**Brickwork Ratings Revises the ratings for the Bank Loan Facilities of ₹. 28.84 Crores of Sri Shyam Fashion India Pvt Ltd**

**Particulars:**

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Jan, 2019)^	Present
<b>Fund based</b>	<b>24.78</b>	<b>27.34</b>	<b>Long Term</b>	<b>BWR BB Stable</b>	<b>BWR BB+ Stable Upgraded</b>
<b>Non Fund Based</b>	<b>1.50</b>	<b>1.50</b>	<b>Short Term</b>	<b>BWR A4</b>	<b>BWR A4+ Upgraded</b>
<b>Total</b>	<b>26.28</b>	<b>28.84</b>	<b>INR Twenty Eight Crores and Eighty Four Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities is provided in Annexure-I

^Rating not reviewed advisory issued on 06 Jan, 2020.

**RATING ACTION / OUTLOOK**

BWR has essentially relied on Audited financials upto FY19, provisional financial for FY20, projected financial, publicly available information and information and clarifications provided by management.

The rating draws comfort from experienced promoters with long standing established relationships with clients and above average financial risk profile. However, the rating is constrained by working capital intensive operation and single product line.



BWR believes that Sri Shyam Fashion India Pvt Ltd (SSFIPL) business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term.

## KEY RATING DRIVERS

### Credit Strengths:

- **Experienced promoters:** The promoters of Sri Shyam Fashion India Private Limited are Mr. Suresh Jalan, Mr. Saurav Jalan and Mr. Vaibhav Jalan. Mr. Suresh Jalan has experience of more than 40 Years in the textile industry while his sons Mr. Saurav Jalan and Mr Vaibhav Jalan hold more than a decade experience. The promoters' experience, relationships with customers and suppliers and insights into dynamics of industry value chain shall continue to support the company.
- **Above average financial risk profile:** The financial risk profile of the company is above average as indicated by gearing of 5.21 times with net worth of Rs. 8.85 Crs. in FY19. Comfortable debt protection metrics with DSCR and ISCR of 1.54 times and 2.75 times in FY19.

### Credit Risks:

- **Working capital intensive operation:** The company is engaged in working capital intensive nature of operation as reflected in its high days receivables of 114 days and days inventory of 30 days in FY19.

## ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

## RATING SENSITIVITIES

### Positive:

- Substantial and sustainable growth in revenue with stable profitability and higher net cash accrual.
- Improvement of financial risk profile and better management of liquidity.

### Negative:

- Fall in revenue and deterioration in profit margins with decline in cash accruals.
- Deterioration of financial risk profile and stretched working capital cycle.

## LIQUIDITY POSITION : Adequate



Liquidity position of the company is adequate as evident from the high net cash accruals due to comfortable net profit margins. The cash accruals for FY21 will be sufficient to repay maturing debt.

### COMPANY PROFILE

Sri Shyam Fashion India Pvt Ltd (SSFIPL) was incorporated in the year 2015 but the commercial operations started in April 2017 and the registered office is located at Ahmedabad. Operations are managed by Mr. Suresh Jalan and his sons Mr. Saurav Jalan and Mr. Vaibhav Jalan. The company is engaged in manufacturing of grey fabric. The manufacturing facility of the company is located Gangad Village, Bavla, Gujarat with an installed capacity of 88 Lakhs meter per annum with an utilization of ~90% in FY18. Sri Shyam Fashion Textile Private Limited (SSFTPL) is the sister company of SSFIPL which is involved in the trading of fabrics.

### KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Operating Revenue	Rs.Crs.	56.59	86.07
EBITDA	Rs.Crs.	6.01	11.87
PAT	Rs.Crs.	0.04	3.82
Tangible Net Worth	Rs.Crs.	5.09	8.85
Total Debt/Tangible Net Worth	Times	8.86	5.21
Current Ratio	Times	1.01	1.22

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NIL**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA**

## RATING HISTORY (INCLUDING WITHDRAWAL AND SUSPENSION)

Instrument / Facilities	Current Rating			Rating History <sup>^</sup>		
	Tenure	Amount (₹ Cr)	Rating	04 Jan, 2019	06 Apr, 2018	2017
Fund Based	Long Term	27.34	BWR BB+ Stable Upgrade	BWR BB Stable	BWR BB Stable	-
Non Fund Based	Short Term	1.50	BWR A4+ Upgrade	BWR A4	BWR A4	-
Total		28.84	INR Twenty Eight Crores and Eighty Four Lakhs Only			

<sup>^</sup>Rating not reviewed advisory issued on 06 Jan, 2020.

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)

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Sri Shyam Fashion India Pvt Ltd

#### ANNEXURE I

##### Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1	Punjab National Bank (Erstwhile Oriental Bank of Commerce)	<b>Fund Based:</b>			
		Term Loan	13.34	-	13.34
		Cash Credit	11.00	-	11.00
		Sub Limit: Packing Credit	(2.00)	-	(2.00)
		FDBP/FUDBP/BP/BD	3.00	-	3.00
		<b>Non Fund Based:</b>			
		BG	-	1.50	1.50
<b>TOTAL</b>					<b>28.84</b>

**Total Rupees Twenty Eight Crores and Eighty Four Lakhs only.**



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