

Press Release

Durairaj Mills Limited (DML)

18 September, 2017



Rating Reaffirmed

Total Bank Facilities Rated	Rs.61.44 Cr #
Long Term Rating	SMERA D (Reaffirmed)
Short Term Rating	SMERA D (Reaffirmed)

Refer Annexure for details of instrument.

SMERA has reviewed the long term and short term rating of '**SMERA D**' (**read as SMERA D**) on the Rs.61.44 crore bank facilities of Durairaj Mills Limited (DML). The rating continues to reflect delays in servicing of debt by the company.

Durairaj Mills Limited (DML), incorporated in 1983, is a Coimbatore-based company promoted by Mr. N. Duraiswamy Naidu. The company is engaged in the manufacture of cotton hosiery and warp yarn.

List of key rating drivers and their detailed description

Strengths:

Experienced management:

DML has more than three decades of experience in the textile industry.

Weaknesses:

Delay in debt servicing:

The assets of DML have been classified as Non-Performing Asset (NPA) by the banks. The rating reflects delay in servicing of debt obligations.

Analytical Approach: SMERA has considered the standalone business and financial risk profiles of the company to arrive at the rating.

Applicable Criteria

- Manufacturing Entities: <https://www.smera.in/criteria-manufacturing.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

About the Rated Entity – Key financials

For FY2013-14, DML reported net loss of Rs.2.35 crore on operating income of Rs.66.03 crore. The net worth stood at Rs.5.94 crore as on 31 March, 2014, compared with Rs.6.87 crore a year earlier.

Status of non-cooperation with previous CRA: As per ICRA's rationale dated 26 Sep 2016, ICRA has suspended [ICRA] D rating assigned to the bank loan facilities of Durairaj Mills Limited. The suspension follows ICRA's inability to carry out a rating surveillance in the absence of the requisite information from the Company.

Any other information: Not Applicable

Rating History for last three years:

Date	Name of Instrument/ Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
28 May, 2016	Term Loan	Long Term	41.44	SMERA D (Reaffirmed)
	Open Cash Credit	Long Term	15.00	SMERA D (Reaffirmed)
	Letter of Credit	Short Term	5.00	SMERA D (Reaffirmed)
16 Mar, 2015	Term Loan	Long Term	41.44	SMERA D (Assigned)
	Open Cash Credit	Long Term	15.00	SMERA D (Assigned)
	Letter of Credit	Short Term	5.00	SMERA D (Assigned)

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Term Loan	N.A	N.A	N.A	41.44	SMERA D (Reaffirmed)
Open Cash Credit	N.A	N.A	N.A	15.00	SMERA D (Reaffirmed)
Letter of Credit	N.A	N.A	N.A	5.00	SMERA D (Reaffirmed)

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ABOUT SMERA

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