



SMERA RATINGS LIMITED

**Sakthi Vinayaga Spinnings Mills Private Limited
(SVSMPL)****Rating
Rationale****August 17, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	8.00	SMERA B-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B- (read as SMERA B minus)**' to the Rs.8.00 crore long term facility of Sakthi Vinayaga Spinnings Mills Private Limited (SVSMPL). The outlook is '**Stable**'. The rating is constrained by the company's weak financial risk profile marked by high gearing and low networth base and stretched working capital cycle. However the rating factors in the experience of the management in the textile industry.

Outlook: Stable

SMERA believes that SVSMPL will continue to benefit over the medium term from its long track record of operations. The outlook may be revised to 'Positive' if there is significant improvement in SVSMPL's financial risk profile. Conversely, the outlook may be revised to 'Negative' if financial risk profile further deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity

- Debt funded capex plans
- Working capital management

About the Company

Sakthi Vinayaga Spinnings Mills Private Limited (SVSMPL), is a Tamil Nadu based company incorporated in the year 2004 and is engaged in ginning and pressing of raw cotton. The company is promoted by Mr. Murugasa Chettiar Sekar and Mr. Manickam Chettiar Jambulingam.

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