

Press Release

Sri Saravana Spinning Mills Private Limited (SSSMPL)

28 October, 2017



Rating Update

| | |
|------------------------------------|--|
| Total Bank Facilities Rated | Rs. 69.78 Cr # |
| Long Term Rating | SMERA BBB/Stable (Issuer not co-operating*) |
| Short Term Rating | SMERA A2 (Issuer not co-operating*) |

Refer Annexure for details of instrument

*The issuer did not co-operate; based on best available information.

SMERA has reviewed the long-term rating of '**SMERA BBB**' (**read as SMERA triple B**) and the short-term rating of '**SMERA A2**' (**read as SMERA A two**) on the Rs. 69.78 crore bank facilities of Sri Saravana Spinning Mills Private Limited(SSSMPL). This is an indicative rating.

Non-cooperation by the issuer/borrower: SMERA has been requesting for data, information and undertakings from the rated entity for conducting surveillance and review of the rating. However, the issuer/borrower failed to submit required documents before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and SMERA's policies.

Applicable Criteria

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

Limitation regarding information availability: The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). SMERA endeavoured to gather information about the entity/industry from the public domain. Therefore, SMERA cautions lenders and investors regarding the use of such information on which the indicative credit rating is based.

About the rated entity:

SSMPL, incorporated in 1984, is engaged in the manufacturing of yarn. The company operates through two units (for spinning and knitting and the other for dyeing) located at Dindigul district of Tamil Nadu. The spinning mill has an installed capacity of 32,256 spindles with production capacity of 1.54 crore kg of yarn per annum. The yarn manufactured is of count ranging from 30s to 40s mainly used for hosiery.

SSMPL reported profit after tax (PAT) of Rs.18.09 crore on operating income of Rs.231.12 crore for FY2014-15, compared to PAT of Rs.9.49 crore on operating income of Rs.226.69 crore in FY2013-14. The tangible net worth stood healthy at Rs.52.51 crore as on 31 March, 2015 as against Rs. 34.54 crore in the previous year.

Rating history (last three years):

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|---------------|---------------------------------|------------|------------------|-----------------------------|
| March 2, 2016 | Cash Credit | Long Term | 43.75 | SMERA BBB/Stable (Assigned) |
| | Term Loan | Long Term | 19.03 | SMERA BB/Stable (Assigned) |
| | Bill Discounting | Long Term | 5.00 | SMERA A2 (Assigned) |
| | Letter of Guarantee | Short Term | 2.00 | SMERA A2 (Assigned) |

#Annexure - Details of instruments rated:

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue | Ratings |
|------------------------|------------------|-------------|---------------|-------------------|---|
| Cash Credit | N.A | N.A | N.A | 43.75* | SMERA BBB/Stable (Issuer not co-operating)* |
| Term Loan | N.A | N.A | N.A | 19.03 | SMERA BBB/Stable (Issuer not co-operating)* |
| Bill Discounting | N.A | N.A | N.A | 5.00 | SMERA A2 (Issuer not co-operating)* |
| Letter of Guarantee | N.A | N.A | N.A | 2.00 | SMERA A2 (Issuer not co-operating)* |

*The issuer did not co-operate; based on best available information

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ABOUT SMERA

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