

Press Release

Sree Ayyanar Spinning and Weaving Mills Private Limited

January 02, 2019

Rating Update



Total Bank Facilities Rated*	Rs. 69.00 Cr. #
Long Term Rating	ACUITE BB+ Issuer not co-operating*
Short Term Rating	ACUITE A4+ Issuer not co-operating*

Refer Annexure for details

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

Acuite has reviewed long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and short term rating of '**ACUITE A4+**' (read as '**ACUITE A four plus**') on the Rs. 69.00 crore bank facilities of Sree Ayyanar Spinning and Weaving Mills Private Limited (Sree Ayyanar). This rating is now an indicative rating and is based on best available information.

Sree Ayyanar, erstwhile Sree Ayyanar Spinning and Weaving Mills Limited, was initially incorporated in 1962 as a public limited company located at based in Virudhunagar (Tamil Nadu). Later in March 2017, the constitution was changed to private limited. Sree Ayyanar is part of the Pioneer Group of companies with interests in a range of industries including textiles, wind energy, chemicals, infrastructure development, printing and packaging. The promoters, Mr. K. A. Sankaralingam and Mr. K. A. Arunchalam, took over Sree Ayyanar in 1980.

Sree Ayyanar is engaged in the manufacturing of cotton, polyester and blended yarn of count Ne 40's to 200's. Cotton and blended yarn is used in the manufacturing of home décor, furnishing and shirtings while polyester yarn is used to manufacture sewing thread. Cotton yarn contributes around 85 percent of the revenue with the remaining derived from synthetic yarn. Cotton fibre is procured from local ginning companies, traders in USA, Spain, Turkmenistan, Israel, Egypt and supplied to domestic textile manufacturers. The company also exports the same to European Union and South-East Asian countries. Sree Ayyanar has two manufacturing facilities located at Virudhunagar and Madurai with total installed capacity of 73,168 spindles apart from three open end spinning machines.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

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

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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). Acuite endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	108.46	96.03	105.10
EBITDA	Rs. Cr.	12.56	9.28	11.41
PAT	Rs. Cr.	1.76	-1.61	0.16
EBITDA Margin	(%)	11.58	9.67	10.86
PAT Margin	(%)	1.62	-1.67	0.15
ROCE (%)	(%)	10.96	7.01	18.44
Total Debt/Tangible Net Worth	Times	1.57	1.85	1.64
PBDIT/Interest	Times	1.74	1.37	1.68
Total Debt/PBDIT	Times	3.46	5.20	3.97
Gross Current Assets (Days)	Days	161	195	163

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
30-Oct-2017	Cash Credit	Long Term	20.90	ACUITE BB+ / Stable (Assigned)
	Cash Credit	Long Term	9.10	ACUITE BB+ / Stable (Assigned)
	Term Loan I	Long Term	7.11	ACUITE BB+ / Stable (Assigned)
	Term Loan II	Long Term	2.10	ACUITE BB+ / Stable (Assigned)
	Term Loan III	Long Term	1.05	ACUITE BB+ / Stable (Assigned)
	Bills Discounting	Short Term	5.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	14.60	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	6.40	ACUITE A4+ (Assigned)
	Bank Guarantee	Short Term	1.50	ACUITE A4+ (Assigned)
	Proposed Long Term Loan	Long Term	1.24	ACUITE BB+ / Stable (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Cash Credit	Not Applicable	Not Applicable	Not Applicable	20.90	ACUITE BB+ Issuer not co-operating*
Term loans	Not Applicable	Not Applicable	Not Applicable	7.11	ACUITE BB+ Issuer not co-operating*
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4+ Issuer not co-operating*
Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.10	ACUITE BB+ Issuer not co-operating*
Term loans	Not Applicable	Not Applicable	Not Applicable	2.10	ACUITE BB+ Issuer not co-operating*
Term loans	Not Applicable	Not Applicable	Not Applicable	1.05	ACUITE BB+ Issuer not co-operating*
Letter of credit	Not Applicable	Not Applicable	Not Applicable	14.60	ACUITE A4+ Issuer not co-operating*
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A4+ Issuer not co-operating*
Letter of credit	Not Applicable	Not Applicable	Not Applicable	6.40	ACUITE A4+ Issuer not co-operating*
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	1.24	ACUITE BB+ Issuer not co-operating*

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

Contacts

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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