

Press Release
SUSTAINABLE SPINNING AND COMMODITIES PRIVATE LIMITED
March 24, 2025
Rating Downgraded



| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term |
|------------------------------------|------------------|-----------------------|------------------------|
| Bank Loan Ratings | 33.80 | ACUITE C Downgraded | - |
| Bank Loan Ratings | 65.70 | ACUITE D Downgraded | - |
| Bank Loan Ratings | 1.50 | - | ACUITE A4 Downgraded |
| Bank Loan Ratings | 3.00 | - | ACUITE D Downgraded |
| Total Outstanding Quantum (Rs. Cr) | 104.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has downgraded its long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and its short-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE A3**' (read as **ACUITE A three**) on Rs.68.70 Cr. bank facilities of Sustainable Spinning and Commodities Private Limited (SSPL).

Further, Acuite has downgraded its long-term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and its short-term rating to '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A3**' (read as **ACUITE A three**) on Rs. 35.30 Cr. bank facilities of Sustainable Spinning and Commodities Private Limited (SSPL).

Rationale for Downgrade

The rating downgrade is based on delays reported in servicing of debt obligations as per the credit bureau information report (CRIF) in recent past.

About the Company

Gujarat-based, Sustainable Spinning and Commodities Private Limited (SSPL) was incorporated in 2012. At present, the directors are Mr. Mohamedhasanain Husenali Narsinh, Mrs. Minajbanu Husenali Narsinh, Mr. Husenali Yusufali Narsinh and Mrs. Fatema Mohmadhasnein Narsinh. The company is engaged in the manufacturing of cotton yarns with an installed capacity of 40,000 spindles per annum (PA). The utilized capacity varies between 22-25 MT per day due to the production of various counts of yarns, i.e., 30, 34, 36, and 40. During the year, the company also added 20s count of yarns. It procures 50 percent of cotton bales from its group company Milan Ginning Pressing Private Limited (MGPL) and the rest is procured from other local ginning players in Gujarat. The company exports ~90 percent of its production to countries including Europe, Bangladesh, to name a few. Major exports are made from their sister concern- Milan Ginning Pressing Private Limited (MGPL). The manufacturing facility is in Gujarat.

About the Group

Gujarat-based, Milan group was established in 1995 by Mr. Husenali Yusufali Narsinh. The group consists of 3 companies, namely Sustainable Spinning and Commodities Private Limited (SSPL), Milan Ginning Pressing Private Limited (MGPL) and K R Solvent LLP (KRS). The group is engaged in manufacturing and trading of cotton yarn, cotton bales, cotton linter, cottonseed meal, cottonseed hulk and cotton seed oil.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of SSPL, MGPL and KRS together, known as the 'Milan Group' (MG), to arrive at this rating. The consolidation is on account of common management, similar line of business, high level of integration and strong operational linkages.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

The promoters have over three decades of experience in the textile industry, coupling with a long track record of operation has enabled the company to forge healthy relationships with the stakeholders. Over the years, the management has been able to establish long-term relations with reputed players in the textile industry. The products are exported to various countries like Bangladesh, China, Europe, Egypt catering to international clients such as H&M, Marks & Spencer and Nike, and is one of the leading ginning and pressing companies of India. Acuité believes that the experience of the management in the industry is likely to favourably impact the business risk profile of the company over the near to medium term.

Weaknesses

Delays in servicing debt obligations

There have been delays reported in servicing debt obligation as per the credit bureau information report (CRIF) of Sustainable Spinning and Commodities Private Limited (SSPL). The account has been classified as SMA-0 as of December 2024 in the Long-Term Loan facility. Along with it in the month of October 2024 the GECL Loan account was classified as SMA0 and Cash Credit & Term Loan Account were classified as SMA1.

Highly competitive industry with Susceptibility of profitability to fluctuations in raw material prices

The group operates in a highly competitive textile industry with several organized and unorganized players which can limit the bargaining power. The group is subjected to the risk emanating from adverse movements in cotton prices in the domestic and international markets. Acuité believes that the group's ability to pass on the increase in cotton prices to the end customers should be critical towards maintaining its credit risk profile. Fluctuating prices on account of global demand - supply mismatches may result in downward pressure on the group's margins over the near to medium term.

Rating Sensitivities

- Regular servicing of debt obligations

Liquidity Position

Stretched

The liquidity position of the group is marked stretched due to instance of delay in servicing of debt obligation as of December 2024 in the Long-Term Loan facility. Along with it in the month of October 2024 delays were observed in GECL Loan, in Cash Credit & Long-Term Loan.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 24 (Provisional) | FY 23 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income | Rs. Cr. | 920.01 | 657.85 |
| PAT | Rs. Cr. | 10.33 | 7.20 |
| PAT Margin | (%) | 1.12 | 1.09 |
| Total Debt/Tangible Net Worth | Times | 1.00 | 1.08 |
| PBDIT/Interest | Times | 3.28 | 2.93 |

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|------------------------------------|------------|-----------------|-----------------------------------|
| 13 Aug 2024 | Bank Guarantee/Letter of Guarantee | Short Term | 3.00 | ACUITE A3 (Reaffirmed) |
| | Bank Guarantee/Letter of Guarantee | Short Term | 1.50 | ACUITE A3 (Reaffirmed) |
| | Term Loan | Long Term | 5.91 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 8.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 4.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 12.65 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 4.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 13.51 | ACUITE BBB- Stable (Reaffirmed) |
| | Proposed Long Term Bank Facility | Long Term | 10.87 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 0.44 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 12.83 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.28 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 4.73 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 0.27 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 7.32 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.36 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 0.13 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 3.79 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.36 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 0.25 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 3.80 | ACUITE BBB- Stable (Reaffirmed) |
| | Bank Guarantee/Letter of Guarantee | Short Term | 3.00 | ACUITE A3 (Reaffirmed) |
| | Bank Guarantee/Letter of Guarantee | Short Term | 1.50 | ACUITE A3 (Reaffirmed) |
| | Cash Credit | Long Term | 8.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 4.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 12.65 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 4.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 13.51 | ACUITE BBB- Stable (Reaffirmed) |
| | Proposed Long Term Bank Facility | Long Term | 10.87 | ACUITE BBB- Stable (Reaffirmed) |
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|-------------|------------------------------------|------------|-------|-----------------------------------|
| 16 May 2023 | Term Loan | Long Term | 0.44 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 12.83 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.28 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 4.73 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 0.27 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 7.32 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.36 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 0.13 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 3.79 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.36 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 0.25 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 3.80 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 5.91 | ACUITE BBB- Stable (Reaffirmed) |
| 15 Feb 2022 | Bank Guarantee/Letter of Guarantee | Short Term | 3.00 | ACUITE A3 (Reaffirmed) |
| | Bank Guarantee/Letter of Guarantee | Short Term | 1.50 | ACUITE A3 (Reaffirmed) |
| | Cash Credit | Long Term | 8.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 4.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 12.65 | ACUITE BBB- Stable (Reaffirmed) |
| | Cash Credit | Long Term | 4.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 13.51 | ACUITE BBB- Stable (Reaffirmed) |
| | Proposed Long Term Bank Facility | Long Term | 10.87 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 0.44 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 12.83 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.28 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 4.73 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 0.27 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 7.32 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.36 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 0.13 | ACUITE BBB- Stable (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 3.79 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 2.36 | ACUITE BBB- Stable (Reaffirmed) |
| | | | | ACUITE BBB- Stable |

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|--|---------------------------|-----------|------|--------------------------------------|
| | Working Capital Term Loan | Long Term | 0.25 | (Reaffirmed) |
| | Working Capital Term Loan | Long Term | 3.80 | ACUITE BBB- Stable (Reaffirmed) |
| | Term Loan | Long Term | 5.91 | ACUITE BBB- Stable (Reaffirmed) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|---------------------|----------------------|------------------------------------|----------------------|----------------------|----------------------|-------------------|------------------|--|
| State Bank of India | Not avl. / Not appl. | Bank Guarantee/Letter of Guarantee | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 3.00 | Simple | ACUITE D Downgraded (from ACUITE A3) |
| Bank of Baroda | Not avl. / Not appl. | Bank Guarantee/Letter of Guarantee | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 1.50 | Simple | ACUITE A4 Downgraded (from ACUITE A3) |
| State Bank of India | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 8.00 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| Bank of Baroda | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 4.00 | Simple | ACUITE C Downgraded (from ACUITE BBB-) |
| Indian Bank | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 4.00 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| Not Applicable | Not avl. / Not appl. | Proposed Long Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 10.87 | Simple | ACUITE C Downgraded (from ACUITE BBB-) |
| State Bank of India | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 30 Jun 2022 | 0.44 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| State Bank of India | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 30 Sep 2024 | 12.83 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| State Bank of India | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 30 Jun 2030 | 2.28 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| State Bank of India | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 Mar 2032 | 4.73 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| Indian Bank | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 Mar 2027 | 13.51 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| Bank of Baroda | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 Mar 2027 | 12.65 | Simple | ACUITE C Downgraded (from ACUITE BBB-) |
| Bank of Baroda | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 30 Sep 2021 | 2.36 | Simple | ACUITE C Downgraded (from ACUITE BBB-) |
| Bank of Baroda | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 30 Sep 2023 | 0.13 | Simple | ACUITE C Downgraded (from ACUITE BBB-) |
| Indian Bank | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 Mar 2032 | 2.36 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| State Bank of India | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 Mar 2037 | 5.91 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| Indian Bank | Not avl. / Not appl. | Working Capital Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 May 2023 | 0.25 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| Indian Bank | Not avl. / Not appl. | Working Capital Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 30 Apr 2025 | 3.80 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| Bank of Baroda | Not avl. / Not appl. | Working Capital Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 Mar 2025 | 3.79 | Simple | ACUITE C Downgraded (from ACUITE BBB-) |

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|---------------------|-------------------------|------------------------------|-------------------------|-------------------------|----------------|------|--------|--|
| State Bank of India | Not avl. / Not appl. | Working Capital Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 May 2020 | 0.27 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |
| State Bank of India | Not avl. / Not appl. | Working Capital Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 30 Apr 2026 | 7.32 | Simple | ACUITE D Downgraded (from ACUITE BBB-) |

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

| Sr No. | Company Name |
|--------|--|
| 1 | Sustainable Spinning and Commodities Private Limited |
| 2 | Milan Ginning Pressing Private Limited |
| 3 | K R Solvent LLP |

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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