

July 15, 2014

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.25	SMERA D (downgraded from SMERA B/Stable)
Term Loan	0.77	SMERA D (downgraded from SMERA B/Stable)
Letter of Credit	1.50	SMERA D (downgraded from SMERA A4)

SMERA has downgraded the bank loan rating of Shri Arunachaleswarar Tex (SAT) to '**SMERA D**' (**read as SMERA D**) from 'SMERA B/Stable/SMERA A4'. The downgrade reflects continuous over drawing (exceeding 30 days) observed in the firm's cash credit account during April 2014 to May 2014. The downgrade also reflects past instances of delays in servicing and repayment of debt by the firm. The rating is constrained by the firm's modest scale of operations in a highly fragmented and competitive textile industry. The rating is also constrained by the firm's below-average financial risk profile.

About the firm

SAT was established as a proprietorship concern (promoted by Mr. T. A. S. Dhanddabani) in 2000. In 2008, SAT was converted into a partnership firm with Mr. T. A. S. Dhanddabani and Mrs. D. Shashivarnam (wife of Mr. T. A. S. Dhanddabani) as partners. The overall operations of the firm are currently managed by Mr. T. A. S. Dhanddabani.

SAT is engaged in manufacturing of knitted fabrics. The firm is also engaged in trading of specialized and value-added yarns and fabrics. SAT partly outsources the manufacturing operations. The firm has a manufacturing unit and a warehouse in Tirupur, Tamil Nadu.

For FY2012-13 (refers to financial year, April 01 to March 31), SAT reported PAT of Rs.0.40 crore on total income Rs.22.38 crore, as compared with PAT of Rs.0.25 crore on total income of Rs.19.39 crore for FY2011-12. Further, SAT has registered a PAT of Rs.0.75 crore (provisional) on revenues of Rs.29.52 crore (provisional) in FY2013-14. SAT's net worth stood at Rs.2.94 crore as on March 31, 2014, as compared with Rs.2.55 crore a year earlier.

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