

Press Release

Sree Lalitha Parameswari Spinning Mills Private Limited

July 13, 2020

Rating Update



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|-------------------------------------|---|
| Total Bank Facilities Rated# | Rs.88.01 Cr. |
| Long Term Rating | ACUITE BB (Downgraded from ACUITE BBB-/Stable) Issuer not co-operating* |
| Short Term Rating | ACUITE A4+ (Downgraded from ACUITE A3) Issuer not co-operating* |

#Refer Annexure for details

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

Rating Rationale

Acuité has downgraded the long-term rating to '**ACUITE BB**' (read as **ACUITE double B**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.88.01 crore bank facilities of Sree Lalitha Parameswari Spinning Mills Private Limited (SLPL). The rating continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

SLPL is a Guntur (Andhra Pradesh) based company incorporated in 2005. The company is engaged in the business of cotton spinning. The company currently operates 48,000 spindles. It manufactures 100% combed compact yarns usually used in premium shirting in the count of 40s and 60s. The company also manufactures yarn using Giza cotton - imported from Egypt. SLPL does 30 percent export business and 70 percent domestic business. It exports to countries such as Bangladesh, Italy and Germany.

Non-cooperation by the issuer/borrower: Acuité 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 the due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

Applicable Criteria

- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.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). Acuité endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

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

None

Any other information

Acuité 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 |
|-----------|---------------------------------|------------|-----------------|---------------------------------|
| 06-May-19 | Cash Credit | Long Term | 30.00 | ACUITE BBB-/Stable (Reaffirmed) |
| | Term Loan | Long Term | 47.97 | ACUITE BBB-/Stable (Reaffirmed) |
| | Standby Line of Credit | Short Term | 4.50 | ACUITE A3 (Reaffirmed) |
| | Letter of Credit | Short Term | 5.50 | ACUITE A3 (Reaffirmed) |
| | Bank Guarantee | Short Term | 0.04 | ACUITE A3 (Reaffirmed) |
| 01-Apr-19 | Cash Credit | Long Term | 30.00 | ACUITE BBB-/Stable (Assigned) |
| | Term Loan | Long Term | 44.96 | ACUITE BBB-/Stable (Assigned) |
| | Standby Line of Credit | Short Term | 4.50 | ACUITE A3 (Assigned) |
| | Letter of Credit | Short Term | 5.50 | ACUITE A3 (Assigned) |
| | Bank Guarantee | Short Term | 0.04 | ACUITE A3 (Assigned) |

Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-------------------------------|--|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 30.00 | ACUITE BB (Downgraded from ACUITE BBB-) Issuer not co-operating* |
| Term Loan | Not Available | Not Applicable | Not Available | 47.97 | ACUITE BB (Downgraded from ACUITE BBB-) Issuer not co-operating* |
| Standby Line of Credit | Not Applicable | Not Applicable | Not Applicable | 4.50 | ACUITE A4+ (Downgraded from ACUITE A3) Issuer not co-operating* |
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 5.50 | ACUITE A4+ (Downgraded from ACUITE A3) Issuer not co-operating* |
| Bank Guarantee | Not Applicable | Not Applicable | Not Applicable | 0.04 | ACUITE A4+ (Downgraded from ACUITE A3) Issuer not co-operating* |

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

Contacts

| Analytical | Rating Desk |
|--|---|
| <p>Aditya Gupta Vice President - Corporate and Infrastructure Sector Tel: 022-4929041 aditya.gupta@acuite.in</p> <p>Bhavani Nagidi Rating Analyst - Rating Operations Tel: 040-40042327 nagidi.bhavani@acuite.in</p> | <p>Varsha Bist Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in</p> |

About Acuité Ratings & Research:

Acuité Ratings & Research 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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