

## Press Release

### Sri Vignesh Weaves

January 05, 2021



## Rating withdrawn

<b>Total Bank Facilities Rated</b>	Rs.8.00 crore
<b>Long Term Rating</b>	ACUITE BB- (Withdrawn)
<b>Short Term Rating</b>	ACUITE A4+ (Withdrawn)

## Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 8.00 crore bank facilities of Sri Vignesh Weaves.

The withdrawal is on account of client's request and receipt of NOC from the banker. The withdrawal is in accordance with Acuite's policy on withdrawal.

Sri Vignesh Weaves (SV), a Tamil Nadu based proprietary firm engaged in weaving of fabrics and it is promoted by Mr. Madhan Vignesh. The firm was established in 2018 and currently has 14 power looms with weaving capacity of 8500 meters/ day.

## Analytical Approach

Acuite has considered the standalone business and financial risk profile of SV to arrive at this rating.

## Key Rating Drivers

### Strengths

#### Experienced management and long track record of operations

Established presence in the textile industry Proprietor Mr. Madhan Vignesh's family members have more than two decades of experience in the textile industry. His father Mr. Muthusamy Chandrasekharan is the Director of Mothi Spinner Private Limited (ACUITE A-/Stable/ACUITE A2+). The experience of the promoter's family members has helped the firm maintain a relationship with its customers and suppliers. Acuite believes that the support proprietor has from his family members would help the firm in improving firm's business profile and its ability to scale up over the medium term.

### Weaknesses

#### • Above average financial risk profile

The financial risk profile of the firm is marked by modest net worth, high gearing and comfortable debt protection metrics. The net worth of the firm stood at Rs. 1.45Cr. as on 31 March, 2020 as against Rs.0.57 Cr. as on 31st March, 2019 The gearing (debt-equity) stood at 4.06 as on March 31, 2020 against 8.78 on March 31, 2019. Moreover, the interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood healthy at 2.57 times and 2.57 times in FY2020 as compared to 2.60 times and 2.60 times in FY2019, respectively. The NCA/TD stood at 0.07 times in FY2020.

## Rating Sensitivity

Not applicable

## Material Covenants

None

### Liquidity Profile: Strong

The firm's liquidity is strong marked by net cash accruals of Rs.11.69 crore in FY2020. The current ratio stood at 1.06 times as on March 31, 2020 as against 0.83 times as on March 31, 2019. The company maintains unencumbered cash and bank balances of Rs.0.07 crore as on March 31, 2020.

### About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	16.38	6.49
PAT	Rs. Cr.	0.16	0.11
PAT Margin	(%)	0.95	1.64
Total Debt/Tangible Net Worth	Times	4.06	8.78
PBDIT/Interest	Times	2.57	2.60

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

Not Applicable

### Any other information

Not Applicable

### Applicable Criteria

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

### Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
12-Dec-2019	Cash Credit	Long Term	2.00	ACUITE BB-/Stable (Assigned)
	Term Loan	Long Term	1.00	ACUITE BB-/Stable (Assigned)
	Term Loan	Long Term	3.60	ACUITE BB-/Stable (Assigned)
	Bank Guarantee	Short Term	0.65	ACUITE A4+ (Assigned)
	Proposed bank facility	Short Term	0.75	ACUITE A4+ (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	2.00	ACUITE BB- (Withdrawn)
Term Loan	Not Available	Not Applicable	Not Available	1.00	ACUITE BB- (Withdrawn)
Term Loan	Not Available	Not Applicable	Not Available	3.60	ACUITE BB- (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.65	ACUITE A4+ (Withdrawn)
Proposed bank facility	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE A4+ (Withdrawn)

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**About Acuité Ratings & Research:**

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