

Press Release

SRINATH WEAVING MILLS LLP

July 05, 2023

Rating Downgraded and Issuer not co-operating



Product	Quantum (Rs. Cr)	Long Term Rating	Sr
Bank Loan Ratings	17.00	ACUITE BB- Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	17.00	-	-

Rating Rationale

Acuite has downgraded its long term rating of 'ACUITE BB-' (read as ACUITE double B minus) from 'ACUITE BB' (read as ACUITE double B) on the Rs 17.00 crore bank facilities of Srinath Weaving Mills LLP. The rating is now an indicative rating and is based on the best available information.

The rating is downgraded because of information risk.

About the Company

Srinath Weaving Mills LLP (SWM) was incorporated in Palladam of Tiruppur district in Tamil Nadu in the year 2017 and is currently promoted by Mr. Pawankumar Choudhary and Mr. Rajagopal Kumarasamy. The Firm is engaged in Manufacturing of Rayon filament fabrics, Grey fabric.

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 the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

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.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon.

Material Covenants

Not Applicable

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon.

Outlook

Not Applicable

Other Factors affecting Rating
Not Applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	39.23	50.02
PAT	Rs. Cr.	0.99	3.22
PAT Margin	(%)	2.53	6.44
Total Debt/Tangible Net Worth	Times	2.58	2.64
PBDIT/Interest	Times	2.20	3.55

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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
22 Apr 2022	Cash Credit	Long Term	6.00	ACUITE BB Stable (Reaffirmed)
	Term Loan	Long Term	11.00	ACUITE BB Stable (Reaffirmed)
22 Jan 2021	Cash Credit	Long Term	6.00	ACUITE BB Stable (Assigned)
	Term Loan	Long Term	11.00	ACUITE BB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Cash Credit	Not Applicable	10.25	Not Applicable	Simple	6.00	ACUITE BB- Downgraded Issuer not co-operating*
Canara Bank	Not Applicable	Term Loan	29 Oct 2017	10.25	29 Jan 2026	Simple	11.00	ACUITE BB- Downgraded Issuer not co-operating*

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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