



SMERA RATINGS LIMITED

**Sri Vasudeva Textiles Limited (SVTL)****Rating  
Rationale****December 12, 2013**

| Facilities     | Amount (Rs. Crore) | Rating             |
|----------------|--------------------|--------------------|
| Cash Credit I  | 21.50              | SMERA C (Assigned) |
| Cash Credit II | 4.50               | SMERA C (Assigned) |
| Term Loan I    | 19.40              | SMERA C (Assigned) |
| Term Loan II   | 3.06               | SMERA C (Assigned) |

SMERA has assigned a rating of '**SMERA C**' to the Rs.48.46 crore long-term bank facilities of Sri Vasudeva Textiles Limited (SVTL). The rating reflects frequent delays in repayment of the company's term loan obligation. The rating is constrained by the company's high leverage and exposure to raw material price volatility and intense competition. However, the rating is supported by the company's experienced management and long track record of operations in the textile industry.

SVTL, incorporated in 1956, is a Coimbatore-based company involved in manufacturing of cotton yarn and melange yarn. SVTL's term loan statements reflect frequent delays in repayment over the past few years. However, the repayments have been regularized over the past three months (July 2013 to September 2013). SVTL is also involved in generation of wind power, which is used for captive consumption. The company has 12 windmills (with total generation capacity of 7.20 MWs) in Kanyakumari, Kethanur and Theni, Tamil Nadu. SVTL has wind power banking arrangement with the Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO).

SVTL has high leverage at 2.10 times as on March 31, 2013. The company's profitability is susceptible to raw material price volatility and intense competition prevalent in the textile industry.

SVTL has an experienced management team. Mr. E. N. Sivasamy, Managing Director of SVTL, has around four decades of experience in the company's line of business.

**About the company**

SVTL (formerly known as Sri Vasudeva Industries Limited) was incorporated on March 26, 1956. The company is headed by Mr. E. N. Sivasamy.

SVTL is involved in manufacturing of cotton yarn (count range of 8s to 16s and 30s to 50s) and melange yarn (count range of 30s to 50s). SVTL's manufacturing unit in Coimbatore, Tamil Nadu has 2,824 rotors and 34 airjet looms. The company has an installed production capacity of 34,756

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spindles per annum. SVTL is also involved in generation of power through its 12 windmills (with total generation capacity of 7.20 MWs) in Kanyakumari, Kethanur and Theni, Tamil Nadu.

For FY2012–13, SVTL reported net profit of Rs.1.43 crore on operating income of Rs.77.46 crore as compared with net profit of Rs.0.79 crore on operating income of Rs.75.76 crore for FY2011–12. The company's net worth stood at Rs.25.35 crore as on March 31, 2013.

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