

Super Spinning Mills Limited

August 03, 2023

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	28.15	CARE BB; Stable; ISSUER NOT COOPERATING*	Revised from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	12.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Revised from CARE BB+; Stable / CARE A4+ and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	3.00	CARE A4; ISSUER NOT COOPERATING*	Revised from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Super Spinning Mills Limited to monitor the rating vide e-mail communications dated July 12, 2023, July 07, 2023, June 27, 2023 and May 23, 2023 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Super Spinning Mills Limited's bank facilities will now be denoted as **CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating has been revised on account of decline in financial performance with operational loss (Profit before Interest, Depreciation & Tax) during FY23 (refers to period of April 01 to March 31) and also on account of non-availability of requisite information due to non-cooperation by Super Spinning Mills Limited (SSML) with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on June 24, 2022, the following were the rating strengths and weaknesses (updated for the information available from the Stock exchange filings)

Key weaknesses

Moderate scale of operations

SSML primarily manufactures cotton yarn since 1962. The scale of operations of the company continued to remain moderate with total operating income of Rs.85.56 crore in FY23 declined from Rs. 93.45 crore in FY22. The operating income has decreased owing to moderate demand in yarn market.

Declined profitability in FY23

The company had registered operating losses (PBILDT) of Rs.7.60 crore in FY23 against a operating profits of Rs.9.07 crore due to higher raw material (cotton) prices as the company was not able to pass on the prices fully to its customers. Subsequently, the company had incurred net loss of Rs.19.56 crore in FY23 against a net profit of Rs.0.85 crore in FY22.

Volatility in raw material prices

The profitability of spinning mills depends largely on the prices of cotton and cotton yarn which are governed by various factors such as area under cultivation, monsoon, international demand-supply situation, etc. The cotton being the major raw material of spinning mills, movement in cotton prices without parallel movement in yarn prices impact the profitability of the spinning mills. The cotton textile industry is inherently prone to the volatility in cotton and yarn prices.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key strengths

Vast experience of the promoters in textile industry and established track record of the company

SSML belongs to SARA ELGI group, in Coimbatore. SSML commenced operations in 1962 and has an installed capacity of 34,960 spindles as on March 31, 2022, in Andhra Pradesh. The board of directors comprises of experienced industrialists, with more than three decades of experience in textile and other industries.

Comfortable capital structure in FY22

SSML has reduced its debt levels through monetization of its freehold land and sale of a unit over the past three years. During FY22, the company had received the part of proceedings from the sale of above-mentioned unit for total consideration of Rs.38.0 crore over last two years. The proceeds were used to lower the working capital borrowings and creditors. The capital structure continued to remain comfortable with overall gearing of 0.32x (PY: 0.32x) as on March 31, 2022. The company reported cash profit of Rs.2.36 crore in FY22 as against cash losses in the past. The interest coverage improved from 0.24 times in FY21 to 2.32 times in FY22.

Liquidity: Stretched

The liquidity is stretched marked by tightly matched accruals against the repayment obligations and moderate cash balance of Rs.3.67 crore as on March 31, 2022. The company has incurred losses in the past and was supported by infusion of unsecured loans from promoters and monetization of assets. SSML has moderate current ratio of 0.6x as on March 31, 2022 due to relatively higher current maturities of term loans and expenses payable. SSML has total working capital limit of Rs.12.0 crores and the average utilization of the same stood at 57.6%. SSML has availed covid-19 emergency loans of Rs. 2.27 crore in FY22 which is used towards working capital requirements.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Cotton Textile](#)

[Manufacturing Companies](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Super Spinning Mills Limited (SSML) incorporated in 1962, is primarily engaged in cotton yarn spinning, with a manufacturing unit in the State of Andhra Pradesh. SSML has an aggregate installed capacity of 34,960 as on March 31, 2022. SSML manufactures cotton yarn majorly in the higher count range of 40s to 80s.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	48.88	93.45	85.56
PBILDT	1.51	9.07	-7.60
PAT	-2.44	0.85	-19.56
Overall gearing (times)	0.32	0.32	NA
Interest coverage (times)	0.24	2.32	NM

A: Audited; NM: Not Meaningful; NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	December 2031	28.15	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT/ ST-CC/PC/Bill Discounting		-	-	-	12.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	3.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	28.15	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (24-Jun-22)	1)CARE BB; Stable (16-Jul-21)	1)CARE BB-; Stable (08-Sep-20)
2	Fund-based - ST-Bill Discounting/Bills Purchasing	ST	-	-	-	-	1)Withdrawn (16-Jul-21)	1)CARE A4 (08-Sep-20)
3	Non-fund-based - ST-BG/LC	ST	3.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (24-Jun-22)	1)CARE A4+ (16-Jul-21)	1)CARE A4 (08-Sep-20)
4	Fund-based - LT/ST-CC/PC/Bill Discounting	LT/ST*	12.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (24-Jun-22)	1)CARE BB; Stable / CARE A4+ (16-Jul-21)	1)CARE BB-; Stable / CARE A4 (08-Sep-20)

*Issuer did not cooperate; based on best available information.

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities

Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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