

Super Spinning Mills Limited

December 02, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|-------------------------------|---------------------|---------------|
| Long-term bank facilities | 14.12 (Reduced from 16.35) | CARE BB+; Stable | Reaffirmed |
| Short-term bank facilities | 0.39 | CARE A4+ | Assigned |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Super Spinning Mills Limited (SSML) remains constrained by tight liquidity for operational requirements due to accumulated losses from discontinued spinning operations, and high tenant concentration risk and exposure to market volatility in the leasing segment. However, the rating continues to draw comfort from the company's long-standing tenant relationships, experienced promoters, long-term rental agreements with lock-in clauses, which ensure revenue visibility and comfortable leverage profile with structured debt servicing through escrow and waterfall mechanisms.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to diversify the tenant profile.
- Adequate coverage of rental receipts to cover existing debt/ rental receipts below 1.5x.
- Ability to improve total revenue above ₹15.0 crore by developing and leasing out the additional available spaces.

Negative factors

- Drop in the occupancy rate below 80% on sustained basis.
- Materialisation of the disputed electricity claims lead to a significant demand and cash outflow, impacting the company's liquidity.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the ability to sustain operational performance derived from healthy occupancy levels and limited counterparty credit risk owing to its long association with reputed tenants.

Detailed description of key rating drivers:

Key weaknesses

Tenant concentration risk

SSML's tenant profile is concentrated with top four tenants occupying ~92% of total leased out area and contribute ~97% of total rent receipts of the company. Top two tenants are from auto components industry, whose fortunes are linked to cyclical demand from the automobile sector.

Provisioning and losses from discontinued spinning operations

SSML discontinued spinning operations in August 2023, since the division incurred continued losses due to industry slowdown. The company reported a net loss of ₹16.39 crore in FY25 (PY: ₹20.90 crore), primarily due to provisions of ₹8.52 crore for electricity charges (PY: ₹7 crore) and ₹3.33 crore for expected credit losses (PY: Nil) related to discontinued operations. The electricity charge provisions pertain to disputed claims with the power distribution companies, Andhra Pradesh Gas Power Corporation Limited (APGCL) and Southern Power Distribution Company Limited (SPDCL). In H1FY26, the company booked net profit of ₹0.21 crore.

Market risk pertaining to leasing of properties

SSML faces competitive pressure from several leased facilities operating in its vicinity. The company remains vulnerable to risk of tenants vacating premises before the end of lease tenure, which could impact the lease rental discounting (LRD) loan facility, especially if there are delays in securing new tenants for vacant spaces. Although the average lease tenure of its properties is 10

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

years against 10-year tenure of the LRD loan, only ~34% of the total leasable area was under lock-in as of March 31, 2025. The real estate leasing segment is experiencing heightened competition due to the entry of institutional players and the development of rental projects across multiple cities.

Cash flows vulnerable to fluctuation in rentals and rise in interest rates

The company's cash flow stability is subject to two key external factors, occupancy rates and interest rates. Decrease due to competition, tenant relocation, or economic downturns would directly impact cash flow. Similarly, the company's debt carries inherent interest rate risk. Rising rates would increase future equated monthly instalment (EMI) payments, potentially straining cash flow and affecting the cash coverage ratio. To mitigate these risks, maintaining high occupancy rates with favourable lease terms and long-term lock in periods is crucial.

Key strengths

Experience of promoters

SSML belongs to SARA ELGI group, Coimbatore. SSML commenced operations in 1962 and has rented out over 3.14 lakh square feet as on September 30, 2025, with majority places in Andhra Pradesh. The board of directors comprises of experienced industrialists, with vast experience in textile, real estate and other industries.

Comfortable capital structure

The capital structure stood comfortable with overall gearing at 0.40x as on March 31, 2025, similar to previous year owing to comfortable network base. The company has closed all of its term loans except LRD facility with proceedings from sale of spinning assets and other land properties. Leverage is expected to remain comfortable in the medium term as the company has no capex plans.

Comfortable revenue visibility

The revenue visibility is comfortable supported by full occupancy rate. The company has leased out three of its premises, Super Sara (erstwhile spinning unit), warehouse in another erstwhile spinning unit, and its corporate office. The lease tenure of tenants is ~10 years with lock-in period of ~3-5 years. The lease property in corporate office is at a prime location, with the closest airport 8 KM away.

Presence of escrow account with waterfall mechanism

SSPL is required to maintain an escrow mechanism for its LRD loan, where designated lease rentals are deposited into the escrow account. Under the cash flow waterfall structure, the bank holds the first charge on these rentals. The company maintains a debt service reserve account (DSRA) of ₹1.07 crore equivalent to three months of interest and principal amount, providing a short-term cushion against potential liquidity mismatches.

Liquidity: Adequate

The liquidity is adequate characterised by sufficient cushion in rent receipts to cover repayment obligations of LRD loans. With presence of DSRA and escrow account with waterfall mechanism, provide additional comfort to the company's liquidity. Free cash balance as on March 31, 2025, was ₹3.79 crore.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Debt backed by lease rentals](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|--------|----------|------------------------------|
| Consumer discretionary | Realty | Realty | Real estate related services |

SSML was incorporated in 1962. Till August 2023, the company was primarily engaged in cotton yarn spinning, with a manufacturing unit in Andhra Pradesh, post which the company discontinued its spinning division and currently generates income by leasing out its properties. As on September 30, 2025, the company has leased properties of 3.14 Lakh Square Feet (lsf) in Hindupur and Coimbatore.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | H1FY26 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income | 7.07 | 6.87 | 3.37 |
| PBILDT | 5.86 | 4.91 | 2.49 |
| PAT* | -20.89 | -16.39 | 0.21 |
| Overall gearing (times) | 0.40 | 0.40 | NA |
| Interest coverage (times) | 3.02 | 2.50 | 3.32 |

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

*Include losses from discontinued spinning business

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook |
|--|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based - LT-Lease rental discounting/ Rent Receivables Financial | | - | - | - | 14.12 | CARE BB+; Stable |
| Fund-based - ST-Bank Overdraft | | - | - | - | 0.39 | CARE A4+ |

Annexure-2: Rating history for 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 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1 | Fund-based - LT-Lease rental discounting/ Rent Receivables Financial | LT | 14.12 | CARE BB+; Stable | - | 1)CARE BB+; Stable (27-Nov-24) 2)CARE BB-; Stable; ISSUER NOT COOPERATING * (23-Oct-24) | 1)CARE BB; Stable; ISSUER NOT COOPERATING * (03-Aug-23) | 1)CARE BB+; Stable (24-Jun-22) |
| 2 | Non-fund-based - ST-BG/LC | ST | - | - | - | 1)Withdrawn (27-Nov-24) 2)CARE A4; ISSUER NOT COOPERATING * (23-Oct-24) | 1)CARE A4; ISSUER NOT COOPERATING * (03-Aug-23) | 1)CARE A4+ (24-Jun-22) |
| 3 | Fund-based - LT/ST-CC/PC/Bill Discounting | LT/ST | - | - | - | 1)Withdrawn (27-Nov-24) 2)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING * (23-Oct-24) | 1)CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING * (03-Aug-23) | 1)CARE BB+; Stable / CARE A4+ (24-Jun-22) |
| 4 | Fund-based - ST-Bank Overdraft | ST | 0.39 | CARE A4+ | | | | |

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|--|------------------|
| 1 | Fund-based - LT-Lease rental discounting/ Rent Receivables Financial | Simple |
| 2 | Fund-based - ST-Bank Overdraft | Simple |

Annexure-5: Lender details

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

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

Contact us

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