

## Siddhartha Super Spinning Mills Limited

May 30, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*) and withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*) and withdrawn
<b>Total Bank Facilities</b>	<b>0.00 (Rs. Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE Ratings Limited has reviewed and reaffirmed the outstanding ratings of 'CARE BB-; Stable INC /CARE A4' INC [Double B minus; Outlook: Stable/ A Four; Issuer not cooperative] assigned to the bank facilities of Siddhartha Super Spinning Mills Limited and has simultaneously withdrawn it, with immediate effect. The above action has been taken at the request of Siddhartha Super Spinning Mills Limited and 'No Objection Certificate' and 'No Due Certificate' received from the bank(s) that have extended the facilities rated by CARE Ratings Ltd.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

**Modest Profitability margin:** The PBILDT of the company stood at Rs. 8.24 Cr in FY21 as compared to Rs.9.33 Cr in FY20. PBILDT margin of the company has improved to 7.77% in FY21 on account of reduce raw material cost however the PAT margin of the company remained low at 1.09% in FY21 (PY 1.18%).

**Susceptibility of margins to raw material price volatility:** The primary raw materials of the company include polyester, acrylic and viscose fibres, prices of which are directly linked to crude oil prices which are highly volatile in nature thereby exposing the profitability margins to any adverse movement in the raw material prices.

**Highly competitive and fragmented nature of the textile industry:** The textile industry is highly competitive and fragmented in nature with the presence of a large number of players in the organized and unorganized sector.

**Modest scale of operations:** The scale of operations of the company remained modest with a total operating income of Rs.105.98 Cr. though decline by ~21 in FY21 from Rs.134.18 cr in FY20.

**Elongated operating cycle:** Operating cycle of the company has remained elongated to 63 days in FY21 (PY 45 days) on account of increased inventory holding from 54 days in FY21 to 66 days in FY22.

#### Key Rating Strengths

**Extensive industry experience of the promoters and long track record of operations:** Mr R. P. Aggarwal, the current managing director of the company, holds an industry experience of nearly 47 years. Other directors of the company including Mr R.G. Aggarwal, Mr Madangopal Rathi and Mr Vishal Aggarwal are having an industry experience of around 10 years, 47 years and 10 years, respectively. Together, they look after the overall affairs of the company. SML has been engaged in the textile industry for over three and a half decades now leading to established relationships with the customers as well as suppliers.

**Diversified product profile with favourable location of operations:** SML manufactures various varieties of synthetic yarn including 100% Polyester yarn, Polyester Viscose Blended Yarn, Polyester Acrylic Blended Yarn, Melange Yarn, Grey Yarn, Polyamide Nylon Yarn, etc. The company manufactures dyed yarns and also has an in-house dyeing facility to meet a part of its dyeing requirements. Furthermore, these yarns are produced in various counts. The manufacturing facility of the company is located in Himachal Pradesh. The company therefore operates in close proximity to well-established textile hubs like Ludhiana, Amritsar, etc.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

**Analytical approach:** Standalone**Applicable Criteria**
[Policy on Withdrawal of ratings](#)
[Criteria on assigning Outlook to Credit Rating](#)
[Criteria for Short Term Instruments](#)
[CARE's default recognition policy](#)
[Financial ratios - Non Financial Sector](#)
[Rating methodology for manufacturing companies](#)
**About the Company**

Siddhartha Super Spinning Mills Limited (SSSML) was incorporated in 1980 by the Delhi-based Jain family. In 1999, the company was declared a sick unit. It was subsequently taken over by the current promoter, Mr R P Agarwal, his family members and Mr Madangopal Rath, in 2006, and was removed from the purview of the BIFR (Board for Industrial and Financial Reconstruction) in 2007. SSSML is engaged in the manufacturing of various types of synthetic yarns since 1982. The company operates from a single manufacturing facility in Nalagarh, Himachal Pradesh.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22
Total operating income	134.18	105.98	NA
PBILDT	9.33	8.24	NA
PAT	1.59	1.16	NA
Overall gearing (times)	1.35	1.30	NA
Interest coverage (times)	4.78	5.39	NA

A: Audited

**Status of non-cooperation with previous CRA:** CRISIL has conducted the review on the basis of best available information and classified SSSPL as "Not cooperating" vide its press release dated Nov 9, 2021.

**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 for this company:** Annexure 4

**Annexure-1: Details of Instruments / Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantee		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	-	0.00	Withdrawn

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (02-Aug-21)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (29-May-20)	-
2	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	1)CARE A4; ISSUER NOT COOPERATING* (02-Aug-21)	1)CARE A4; ISSUER NOT COOPERATING* (29-May-20)	-
3	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (02-Aug-21)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (29-May-20)	-

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA****Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

**Annexure 5: Bank Lender Details for this Company**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. 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 CARE Ratings Limited:**

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