

Superfine Bleaching Company Limited

November 27, 2020

Rating

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	8.96	CARE B-; ISSUER NOT COOPERATING* (Single B Minus ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; (Single B Plus)
Total Facilities	8.96 (Rs. Eight Crore and Ninety-Six Lakhs Only)		

Details of instruments/facilities in Annexure

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 05, 2019, placed the rating(s) of Superfine Bleaching Company Limited (SFBC) under the 'Issuer non-cooperating' category as SFBC had failed to provide information for monitoring of the rating. SFBC continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated November 18, 2020 etc. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

The rating has been revised by taking into account of non-availability of requisite information due to non-cooperation by SFBC with CARE's efforts to undertake a review of the outstanding rating as CARE views information availability risk as a key factor in its assessment of credit risk.

Detailed description of the key rating drivers

At the time of last rating on September 05, 2019 the following were the rating strengths and weaknesses.

Key Rating weaknesses

Small-sized operations with declining total operating income

The scale of operations of the form continues to be small marked by its total operating income at Rs. 25.39 Crores which has been declined by 45bps in FY18 viz a viz Rs. 26.59 Crores in FY17.

Moderate debt protection metrics

The debt coverage indicators of the company has deteriorated during FY18, marked by its total debt to gross cash accruals at 4.78x vis a vis 1.80x as on March 31, 2017. However, the interest coverage ratio stood satisfactory at 2.61x during FY18 though it has deteriorated from previous year (4.91x as on March 31, 2017).

Fluctuating profitability susceptible to volatile dye costs

The company primarily does job work and is thus insulated from the volatility in yarn prices. However, the volatility in price of dyes and chemicals have an impact on profitability. The last few years dyes and chemical have witnessed high amount volatility which is also reflect in the PBDIT margins of the company. In terms of PAT margins it largely follows the trend in PBDIT.

Key Rating strengths

Long experience of the promoter sand long track record of operations of the company

The promoter directors represent the third generation of the Soundappan family in the textile business. The company has a long operational track record of over two decades having been established as VPML in 1993. The directors, namely, Mr K.P.E. Ravindran, Mr M. Varadaraj and Mr C. Jayakumar have experience in the textile industry for more than a decade. Mr K.P.E. Ravindran has been associated with the company since 2002. He is a commerce graduate and a M.B.A in marketing and finance.

Comfortable capital structure

The capital structure of the company stood comfortable marked by its overall gearing and debt equity ratios, which stood at 1.07x and 0.80x respectively during FY18 as against 1.18x and 0.86x as on March 31, 2017.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

Analytical Approach: Standalone

Applicable Criteria

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

[Criteria on assigning Outlook and credit watch to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology –Manufacturing companies](#)

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

About the Company

SFBCL is a family-run business promoted by Late Mr Soundappan, under the name M/s Veena Processing Mills Limited (VPML) in 1993. The company was earlier engaged in job work of dyeing both fabric and yarn. Subsequently, during October 2005, the company was renamed SBCL and shifted focus to scouring, bleaching and dyeing of yarn alone. The company presently undertakes only job work in dyeing of yarn for players in and around Tiruppur. The company is presently managed by Mr Ravindran, who represents the third generation of the family in the business. SBCL has an installed capacity of dyeing yarn of 10,120 kgs per day as of June 30, 2015, at Namakkal, Tamil Nadu, operating in two shifts. The company has also established the effluent treatment plant which became operational from September 2014. No moratorium has been availed by the company amid COVID-19 RBI guidelines for its rated facilities.

Brief Financials (Rs. crore)	FY17 (A)	FY18(A)
Total Operating Income	26.59	25.39
PBILDT	5.69	2.56
PAT	2.57	0.37
Overall gearing (times)	1.18	1.07
Interest coverage (times)	4.91	2.61

A-Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	September 2020	6.96**	CARE B-; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	2.00	CARE B-; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

** update on loan closure remains unavailable

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	6.96	CARE B-; ISSUER NOT COOPERATING*	-	1)CARE B+; ISSUER NOT COOPERATING* (05-Sep-19)	1)CARE BB-; ISSUER NOT COOPERATING* (14-Jun-18)	-
2.	Fund-based - LT-Cash Credit	LT	2.00	CARE B-; ISSUER NOT COOPERATING*	-	1)CARE B+; ISSUER NOT COOPERATING* (05-Sep-19)	1)CARE BB-; ISSUER NOT COOPERATING* (14-Jun-18)	-

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities- Information not available

Annexure 4: Complexity level of various instruments rated for this Firm

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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