

Suryajyoti Spinning Mills Limited

January 04, 2018

Ratings:

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	256.70	CARE D; ISSUER NOT COOPERATING (Single D; Issuer Not Cooperating)	Issuer not cooperating
Short-term Bank Facilities	52.32	CARE D; ISSUER NOT COOPERATING (Single D; Issuer Not Cooperating)	Issuer not cooperating
Total Facilities	309.02 (Rupees three hundred nine crore and two lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers:

CARE has been seeking for information from Suryajyoti Spinning Mills Limited to monitor the ratings vide-mail communications dated December 12, 2017, December 05, 2017 & November 27, 2017 numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines CARE's rating on Suryajyoti Spinning Mills Limited bank facilities will now be denoted as **CARE D; 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 ratings assigned to the bank facilities of Suryajyoti Spinning Mills Limited (SSML) takes into account continued weak financial profile and stretched liquidity position of the company resulting in delays in servicing debt obligations.

Detailed description of the key rating drivers:

At the time of last rating on March 03, 2017, the following were the rating weakness and strengths.

Key rating weakness:

Stretched liquidity position resulting in delays in servicing debt obligation: The company has been facing subdued financial performance since the last three years on account of sluggish demand for cotton yarn in the domestic and export markets and the same continued during FY16 (refers to the period April 1 to March 31). The financial parameters continued to remain weak during FY16 with the company reporting net loss and cash loss during the year.

Key Rating Strengths:

Experienced Promoters: Mr Ravinder Kumar (Managing Director) has more than four decades experience in the textile industry. His son, Mr Arun Kumar Agarwal (Executive Director), is also associated with the company from 1995 onwards and is also actively involved in the day-to-day operations of SSML.

Analytical approach: Standalone

Applicable Criteria:

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

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

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

[Criteria for Short Term Instruments](#)

[CARE's methodology for Manufacturing Companies](#)

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

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

About the Company:

Suryajyoti Spinning Mills Ltd. (SSML), promoted by Mr Ravinder Kumar Agarwal (Managing Director), was incorporated in 1983, and commenced operations from January 1991. SSML commenced operations with installed capacity of 5,040 spindles and gradually increased it to 86,560 spindles. The manufacturing units are located at Makthal, Burgul and Rajapur Villages of Mahaboobnagar District, Telangana. SSML manufactures medium to coarser counts of carded and combed cotton yarn and various blends of synthetic yarn such as polyester (100%), viscose (100%) and polyesterviscose/polyester-cotton blends. SSML also has a fabric manufacturing unit with an installed capacity of 20 Million Meters Per Annum.

Brief Financials (Rs. crore)	FY16 (A)
Total operating income	368.89
PBILDT	26.39
PAT	(21.08)
Overall gearing (times)	9.27
Interest coverage (times)	0.83

A: Audited

Status of non-cooperation with previous CRA: ICRA had suspended its rating assigned to the bank facilities of SSML as per press release dated January 31, 2012 on account of ICRA's inability to carry out the assessment of rating in the absence of sufficient information provided by SSML.

Any other information: Not Applicable.

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

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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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly 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 corporate 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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors

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	-	-	June, 2021	136.70	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	120.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	24.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	28.32	CARE D; ISSUER NOT COOPERATING*

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	136.70	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (03-Mar-17)	1)CARE D (08-Dec-15)	1)CARE B- (12-Jan-15)
2.	Fund-based - LT-Cash Credit	LT	120.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (03-Mar-17)	1)CARE D (08-Dec-15)	1)CARE B- (12-Jan-15)
3.	Non-fund-based - ST-BG/LC	ST	24.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (03-Mar-17)	1)CARE D (08-Dec-15)	1)CARE A4 (12-Jan-15)
4.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	28.32	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (03-Mar-17)	1)CARE D (08-Dec-15)	1)CARE A4 (12-Jan-15)

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