

Suryajyoti Spinning Mills Limited

July 21, 2020

Ratings

| Facilities/Instruments | Amount (Rs. crore) | Rating ¹ | Rating Action |
|----------------------------|--|--|---|
| Long-term Bank Facilities | 256.70 | CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*) | Issuer not cooperating; Based on best available information |
| Short-term Bank Facilities | 52.32 | CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*) | Issuer not cooperating; Based on best available information |
| 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 had, vide its press release dated May 14, 2019, placed the rating(s) of Suryajyoti Spinning Mills Limited (SSML) under the 'issuer non-cooperating' category as SSML had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. SSML continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 30, 2020, May 29, 2020, June 30, 2020 & July 13, 2020. 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(s).

The ratings continue to take into account delays in debt servicing by the company.

Detailed description of the key rating drivers

*At the time of last rating on May 14, 2019, the following were the rating strengths and weaknesses:
(Updated information taken from website of the company)*

Key rating weakness:

Delays in servicing debt obligation: As per Audit Report for financial year ended March 31, 2019, there are continuing delays in debt servicing by the company. The company has been facing subdued financial performance since the last three years. The financial parameters continued to remain weak during FY19 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](#)

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

[Criteria for Short Term Instruments](#)

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

[Rating Methodology for Manmade Yarn Manufacturing Sector](#)

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

²Complete 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

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 polyester viscose/polyester-cotton blends.

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

| Brief Financials (Rs. crore) | FY18 (A) | FY19 (A) |
|------------------------------|----------|----------|
| Total operating income | 82.34 | 33.40 |
| PBILDT | -32.60 | -4.92 |
| PAT | -60.90 | -21.25 |
| Overall gearing (times) | NM | NM |
| Interest coverage (times) | NM | NM |

A: Audited; NM: Not Meaningful

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

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* Issuer not cooperating; Based on best available information |
| Fund-based - LT-Cash Credit | - | - | - | 120.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |
| Non-fund-based - ST-BG/LC | - | - | - | 24.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |
| Fund-based - ST-Bills discounting/ Bills purchasing | - | - | - | 28.32 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information |

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 | 136.70 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | - | 1)CARE D; ISSUER NOT COOPERATING* (14-May-19) | - | 1)CARE D; ISSUER NOT COOPERATING* (04-Jan-18) |
| 2. | Fund-based - LT-Cash Credit | LT | 120.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | - | 1)CARE D; ISSUER NOT COOPERATING* (14-May-19) | - | 1)CARE D; ISSUER NOT COOPERATING* (04-Jan-18) |
| 3. | Non-fund-based - ST-BG/LC | ST | 24.00 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | - | 1)CARE D; ISSUER NOT COOPERATING* (14-May-19) | - | 1)CARE D; ISSUER NOT COOPERATING* (04-Jan-18) |
| 4. | Fund-based - ST-Bills discounting/ Bills purchasing | ST | 28.32 | CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information | - | 1)CARE D; ISSUER NOT COOPERATING* (14-May-19) | - | 1)CARE D; ISSUER NOT COOPERATING* (04-Jan-18) |

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable.

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.

Disclaimer

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