

Rating Advisory

December 27, 2022 | Mumbai

Sambandam Spinning Mills Limited

Update as on December 27, 2022

This rating advisory is provided in relation to the rating of Sambandam Spinning Mills Limited

The key rating sensitivity factors for the rating include:

Upward factor

- Reduction in bank limit utilisation to less than 80 percent
- Improvement in interest coverage to more than 5 times

Downward Factor

- Increase in gearing to more than 1.5 times
- Higher than expected debt funded capital expenditure adversely impacting the financial risk profile.

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL Ratings is yet to receive adequate information from Sambandam Spinning Mills Limited (SSML) to enable it to undertake a rating review. CRISIL Ratings is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL Ratings views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings' criteria available at the following link, https://www.crisil.com/content/dam/crisil/criteria_methodology/basics-of-ratings/assessing-information-adequacy-risk.pdf)

If SSML continues to delay the provisioning of information required by CRISIL Ratings to undertake a rating review then, in accordance with circulars SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016, SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 and **SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dt January 3, 2020** issued by Securities and Exchange Board of India, CRISIL Ratings will carry out the review based on best available information and issue a press release.

About the Company

SSML, incorporated in Salem (Tamil Nadu) in 1973 as a private limited company, is promoted by Mr. S P Ratnam, Mr. S P Sambandam, Mr. S P Rajendran, and Mr. Y Jagannathan. It was reconstituted as a public limited company in 1994. SSML manufactures cotton yarn.

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Credit Bulletin

June 23, 2022 | Mumbai

Update on Sambandam Spinning Mills Limited

Migration of ratings outstanding on Fixed Deposits (FD) programme to Long term rating scale

Rating Action

Total Bank Loan Facilities Rated	Rs.88.85 Crore
Long Term Rating	CRISIL BBB-/Stable
Short Term Rating	CRISIL A3

Rs.11.9 Crore Fixed Deposits	CRISIL BBB-/Stable (Migrated from 'FA-/Stable')
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CRISIL Ratings has migrated its rating on the fixed deposit programme of Sambandam Spinning Mills Limited (SSML) to **'CRISIL BBB-/Stable'** from 'FA-/Stable'.

The rating migration follows the revision in CRISIL Ratings' rating scale for fixed deposit (FD) programmes, which is now aligned with the SEBI-standardised 20-point long term scale. Previously, CRISIL Ratings used a 14-point scale for assigning ratings to the FD programmes of issuers. This alignment is in compliance with the regulatory guidelines as per circular issued by the Securities and Exchange Board of India (SEBI) on [July 16, 2021](#) and the subsequent SEBI circular dated [April 1, 2022](#), for standardizing the rating scales used by the Credit Rating Agencies.

This migration represents only a recalibration of the rating from one scale to another and does not reflect any change in the credit risk profile of the fixed deposit programme. It is neither an upgrade nor a downgrade of the underlying credit risk profile of the FD programme. (Please refer to [CRISIL's criteria for rating fixed deposit programmes](#) for further details).

This Credit Bulletin is published solely to update the migration of ratings outstanding on FD programme to long term rating scale. For other sections, please refer to the previous Rating Rationale.

[Click Here](#) to access the previous Rating Rationale.

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufacturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Cotton Textile Industry
CRISILs criteria for rating fixed deposit programmes
CRISILs Criteria for rating short term debt

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