

Rating Advisory August 20, 2018 | Mumbai

Suryavanshi Spinning Mills Limited

Advisory as on August 20, 2018

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

The key rating sensitivity factors for the rating include:

- Timely servicing of debt

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 is yet to receive adequate information from Suryavanshi Spinning Mills Limited (SVSML) to enable it to undertake a rating review. CRISIL 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 views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

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

About The Company

SVSML, incorporated in 1978, is engaged in cotton yarn spinning located at Rajna (Madhya Pradesh). SVSML manufactures Polyester, polyester-viscose Blended Yarns and Medical Textiles Products. The company is promoted by Mr. B.N Agarwal.

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Rating Rationale

August 24, 2017 | Mumbai

Suryavanshi Spinning Mills Limited

Ratings Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.40 Crore
Long Term Rating	CRISIL D (Reaffirmed)
Short Term Rating	CRISIL D (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its ratings at 'CRISIL D/CRISIL D' to the bank facilities of Suryavanshi Spinning Mills Limited (SVSML).

The ratings reflect current delays by SVSML in servicing its debt. The delays have been caused by SVSML's weak liquidity.

The ratings reflect weak financial risk profile marked by modest net worth, high gearing and weak debt protection metrics. The ratings also reflect susceptibility of operating margin to volatility in raw material prices. However, it benefits from extensive experience of SVSML's promoters in the textile industry.

Key Rating Drivers & Detailed Description

Weaknesses

* Delays in debt servicing

SVSML has been delaying in repayment of interest and principal amount of its term loan facility. The same is on account of company's weak liquidity.

* Weak financial risk profile

The company's financial risk profile is weak marked by modest net worth, high gearing and weak debt protection metrics. Net worth was negative on account of accumulated losses over the period. Debt protection metrics was weak due to operating losses in the Fiscal 2017

* Susceptibility of operating margin to volatility in raw material prices

Raw material costs accounted for around 66 per cent of SVSML's revenue in 2016-17. Cotton prices have been highly volatile in the past which exposes the company to the risk arising due to any sharp fluctuation in prices.

Strength

* Extensive industry experience of promoters

Extensive experience of promoters of more than 35 years has helped the company in building strong customer and supplier relationships.

About the Company

SVSML, incorporated in 1978, is engaged in cotton yarn spinning located at Rajna (Madhya Pradesh). SVSML manufactures Polyester, polyester-viscose Blended Yarns and Medical Textiles Products. The company is promoted by Mr. B.N Agarwal.

SVSML reported net losses of Rs.12.8 crore on revenue of Rs.65.8 crore in fiscal 2017, against Rs.4.2 crore and Rs.101.7 crore in fiscal 2016.

Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs. Cr.	65.8	101.7
Profit After Tax	Rs. Cr.	-12.8	-4.2
PAT Margins	%	-19.3	-4.1
Adjusted Debt/Adjusted Net worth	Times	-11.2	4.1
Interest coverage	Times	-0.76	0.69

Status of non cooperation with previous CRA

SVSML has not cooperated with ICRA Limited which has suspended its rating vide release dated November 7 2016. The reason provided by ICRA Limited is non-furnishing of information required for monitoring of ratings.

Any other information: Not applicable

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate	Maturity date	Issue size (Rs. cr.)	Rating assigned with outlook
NA	Bank Guarantee	NA	NA	NA	0.66	CRISIL D
NA	Cash Credit	NA	NA	NA	14.33	CRISIL D
NA	Corporate Loan	Jun-2015	NA	Mar-2023	10.43	CRISIL D
NA	Long Term Loan	Mar-2015	NA	Dec-2019	9.75	CRISIL D
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	4.83	CRISIL D

Annexure - Rating History for last 3 Years

Instrument	Current			2017 (History)		2016		2015		2014		Start of 2014
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	39.34	CRISIL D		No Rating Change	26-05-16	CRISIL D		--		--	--
Non Fund-based Bank Facilities	LT/ST	.66	CRISIL D		No Rating Change	26-05-16	CRISIL D		--		--	--

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Bank Guarantee	.66	CRISIL D	Bank Guarantee	.66	CRISIL D
Cash Credit	14.33	CRISIL D	Cash Credit	14.33	CRISIL D
Corporate Loan	10.43	CRISIL D	Corporate Loan	9.95	CRISIL D
Long Term Loan	9.75	CRISIL D	Long Term Loan	6.23	CRISIL D
Proposed Long Term Bank Loan Facility	4.83	CRISIL D	Proposed Long Term Bank Loan Facility	8.64	CRISIL D
--	0	--	Working Capital Term Loan	.19	CRISIL D
Total	40	--	Total	40	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[CRISILs Bank Loan Ratings](#)

For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Saman Khan Media Relations CRISIL Limited D: +91 22 3342 3895 B: +91 22 3342 3000 saman.khan@crisil.com</p> <p>Naireen Ahmed Media Relations CRISIL Limited D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com</p> <p>Jyoti Parmar Media Relations CRISIL Limited D: +91 22 3342 1835 B: +91 22 3342 3000 jyoti.parmar@crisil.com</p>	<p>Rahul Guha Director - CRISIL Ratings CRISIL Limited D:+91 22 4097 8320 rahul.guha@crisil.com</p> <p>Venkata Shantaram Associate Director - CRISIL Ratings CRISIL Limited D:+91 40 4032 8222 venkata.shantaram@crisil.com</p> <p>Aakash Gupta Rating Analyst - CRISIL Ratings CRISIL Limited D:+91 40 4032 8229 Aakash.Gupta@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestordesk@crisil.com</p>

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Last updated: April 2016

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