

October 25, 2024

SRV Synthetics: Rating moved to Issuer Non-Cooperating category; rating downgraded based on best available information

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund based – Cash Credit	10.00	10.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A- (Stable) and moved to the 'Issuer Not Cooperating' category
Short-term fund based – Packing Credit	0.50	0.50	[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A2+ and moved to the 'Issuer Not Cooperating' category
Short-term non-fund based – Bank Guarantee	2.00	2.00	[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A2+ and moved to the 'Issuer Not Cooperating' category
Short-term non-fund based – Letter of Credit^	(10.00)	(10.00)	[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A2+ and moved to the 'Issuer Not Cooperating' category
Long-term – Unallocated Limits	18.06	18.06	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A- (Stable) and moved to the 'Issuer Not Cooperating' category
Total	30.56	30.56	

*Instrument details are provided in Annexure-I, *Issuer did not cooperate; based on best information available, ^sublimit of Cash Credit facility

Rationale

ICRA has downgraded and moved the ratings for SRV Synthetics proposed bank limits to the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]BB+ (Stable)/[ICRA]A4+ ISSUER NOT COOPERATING".

The rating downgrade is because of the lack of adequate information regarding SRV Synthetics's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its ratings and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using these ratings as the ratings may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with SRV Synthetics, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

The Key rating drivers, Liquidity position, Rating sensitivities, Key financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy in respect of non-cooperation by the rated entity Rating Methodology – Textiles (Spinning) Rating Methodology – Textiles (Fabric)

Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has considered the consolidated financial risk profile of SRV Synthetics, Suraj Industries and SRV Polytex Private Limited as detailed in Annexure II

About the company

The SRV Group comprises three entities – SRV Synthetics, Suraj Industries and SRV Polytex Private Limited. SRV Synthetics and Suraj Industries are partnership firms, with members of the Shah family as partners. They manufacture texturized polyester yarn, high value-added spandex yarn and knitted greige fabric. SRV Polytex Private Limited is an investment company with no operations. The Group has an installed capacity of 35 texturizing machines and 184 knitting machines as on March 31, 2023.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
	Type	Amount Rated (Rs Crore)	October 25 ,2024	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	10.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	20-Jul-23	[ICRA]A- (Stable)	25-Apr-22	[ICRA]A- (Stable)	29-Jan-21	[ICRA]BBB- (Stable)
Term Loan	Long Term	-	-			25-Apr-22	[ICRA]A- (Stable)	29-Jan-21	[ICRA]BBB- (Stable)
Unallocated Limits	Long Term	18.06	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	20-Jul-23	[ICRA]A- (Stable)	25-Apr-22	[ICRA]A- (Stable)	29-Jan-21	[ICRA]BBB- (Stable)
Bank Guarantee	Short Term	2.00	[ICRA]A4+; ISSUER NOT COOPERATING	20-Jul-23	[ICRA]A2+	25-Apr-22	[ICRA]A2+	29-Jan-21	[ICRA]A2+
Packing Credit	Short Term	0.50	[ICRA]A4+; ISSUER NOT COOPERATING	20-Jul-23	[ICRA]A2+	25-Apr-22	[ICRA]A2+	29-Jan-21	[ICRA]A2+
Letter of Credit	Short Term	(10.00)	[ICRA]A4+; ISSUER NOT COOPERATING	20-Jul-23	[ICRA]A2+	25-Apr-22	[ICRA]A2+	29-Jan-21	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash Credit	Simple
Short-term fund based – Packing Credit	Simple
Short-term non-fund based – Bank Guarantee	Simple
Short-term non-fund based – Letter of Credit	Simple
Long-term – Unallocated Limits	N.A.

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or

complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	10.00	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING
NA	Bank Guarantee	NA	NA	NA	2.00	[ICRA]A4+; ISSUER NOT COOPERATING
NA	Packing Credit	NA	NA	NA	0.50	[ICRA]A4+; ISSUER NOT COOPERATING
NA	Letter of Credit	NA	NA	NA	(10.00)	[ICRA]A4+; ISSUER NOT COOPERATING
NA	Unallocated Limits	NA	NA	NA	18.06	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	SRV Ownership	Consolidation Approach
SRV Synthetics		Full Consolidation
Suraj Industries	Group Entity	Full Consolidation
SRV Polytex Private Limited	Group Entity	Full Consolidation

Source: Company

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