

## Sri Kannapiran Mills Limited

January 12, 2018

### Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term loan facility	23.09	-	[ICRA]BB (Stable) / Withdrawn
Long term fund based facility	24.00	-	[ICRA]BB (Stable) / Withdrawn
Short term fund based facility	17.00	-	[ICRA]A4+ / Withdrawn
Short term Non- Fund Based Limits	16.00	-	[ICRA]A4+ / Withdrawn
Long term / Short term - Proposed Facility	10.15	-	[ICRA]BB (Stable) / [ICRA]A4+, Withdrawn
<b>Total</b>	<b>90.24</b>	<b>-</b>	

### Rating action

ICRA has withdrawn the long term rating assigned to the Rs. 23.09 crore<sup>1</sup> fund based and Rs. 24.00 crore of term loans of Sri Kannapiran Mills Limited (SKML)<sup>†</sup> at [ICRA]BB (pronounced ICRA double B). ICRA has also withdrawn the short term rating assigned to the Rs. 17.00 crore fund based limits and the Rs. 16.00 crore non-fund based limits of SKML at [ICRA]A4+ (pronounced ICRA A four plus). ICRA also has withdrawn the long term / short term ratings assigned to the Rs.10.15 crore proposed facility of SKML at [ICRA]BB (pronounced ICRA double B) / [ICRA]A4+ (pronounced ICRA A four plus). The outlook on the long term rating 'stable' has also been withdrawn.

### Rationale

The ratings are withdrawn in accordance with ICRA's policy on withdrawal and suspension, as desired by the company and based on the no objection certificate provided by its banker.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

**Links to applicable criteria:**

[Corporate Credit Rating Methodology](#)

[ICRA Policy on Withdrawal and Suspension of Credit Rating](#)

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

### About the company:

Sri Kannapiran Mills Limited (SKML) was incorporated in 1946 and started operations in 1950. In 1971, the mill was taken over by K. Govindaswamy Naidu, founder of KG group. The company's yarn manufacturing units cater to both domestic and international markets. The company produces ring spun yarn in the count range of 6s to 100s in both combed and carded quality. The company is also engaged in manufacturing open ended yarn in the count range of 1s to 24s (both cotton and polyester cotton yarn)..

### Key financial indicators (audited)

	FY 2015	FY 2016
Operating Income (Rs. crore)	183.8	167.5
PAT (Rs. crore)	4.8	6.7
OPBDIT/ OI (%)	11.7%	13.6%
RoCE (%)	18.0%	19.2%
Total Debt/ TNW (times)	2.0	1.4
Total Debt/ OPBDIT (times)	3.1	2.5
Interest coverage (times)	1.8	2.2
NWC/ OI (%)	13.3%	14.9%

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for last three years:

Instrument	Current Rating (FY2018)				Chronology of Rating History for the past 3 years		
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating Jan 2018	Date & Rating in FY2017 Dec 2016	Date & Rating in FY2016 Feb 2016	Date & Rating in FY2015 Oct 2014
1 Term loan facility	Long Term	10.7		[ICRA]BB (Stable) / Withdrawn	[ICRA]BB (Stable)	[ICRA]BB - (Stable)	[ICRA]BB- (Stable)
2 Long term fund based facility	Long Term	4.3		[ICRA]BB (Stable) / Withdrawn	[ICRA]BB (Stable)	[ICRA]BB- (stable)	[ICRA]BB- (stable)
3 Short term fund based facility	Long Term	4.4		[ICRA]A4+ / Withdrawn	[ICRA]A4+	[ICRA]A4	[ICRA]A4
4 Short term Non-Fund Based Limits	Long Term	3.7		[ICRA]A4+ / Withdrawn	[ICRA]A4+	[ICRA]A4	[ICRA]A4
5 Proposed facility	Long term / short term	10.15		[ICRA] BB (stable) / Withdrawn; [ICRA]A4+ / Withdrawn	[ICRA] BB (stable) ; [ICRA]A4+		

### Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

## Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan 1				10.7	[ICRA]BB (Stable) / Withdrawn
NA	Term Loan 2				4.3	[ICRA]BB (Stable) / Withdrawn
NA	Term Loan 3				4.4	[ICRA]BB (Stable) / Withdrawn
NA	Term Loan 4				3.7	[ICRA]BB (Stable) / Withdrawn
NA	Cash Credit 1				10.5	[ICRA]BB (Stable) / Withdrawn
NA	Cash Credit 2				9.5	[ICRA]BB (Stable) / Withdrawn
NA	Cash Credit 3				4.0	[ICRA]BB (Stable) / Withdrawn
NA	Working Capital Demand Loan 1				3.0	[ICRA]A4+ / Withdrawn
NA	Working Capital Demand Loan 2				5.0	[ICRA]A4+ / Withdrawn
NA	Bill Discounting 1				6.0	[ICRA]A4+ / Withdrawn
NA	Bill Discounting 2				1.2	[ICRA]A4+ / Withdrawn
NA	Bill Discounting 3				1.8	[ICRA]A4+ / Withdrawn
NA	Letter of Credit 1				7.5	[ICRA]A4+ / Withdrawn
NA	Letter of Credit 2				3.0	[ICRA]A4+ / Withdrawn
NA	Letter of Credit 3				4.5	[ICRA]A4+ / Withdrawn
NA	Bank Guarantee 1				0.5	[ICRA]A4+ / Withdrawn
NA	Bank Guarantee 2				0.2	[ICRA]A4+ / Withdrawn
NA	Bank Guarantee 3				0.3	[ICRA]A4+ / Withdrawn
NA	Proposed facility				10.15	[ICRA] BB (stable) / Withdrawn; [ICRA]A4+ / Withdrawn

\* Working Capital Demand Loan of Rs. 1 crore is a sub-limit of Cash Credit of Rs. 4 crore

Source: Sri Kannapiran Mills Limited

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