

December 14, 2023

Sri Shanmugavel Mills Private Limited: Ratings Moved to Issuer Non-Cooperating category, Ratings 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 Term Loans	95.12	95.12	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; downgraded from [ICRA]BBB+ (Stable) and moved to 'Issuer Not Cooperating' category
Long-term Fund-based Cash Credit	215.00	215.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; downgraded from [ICRA]BBB+ (Stable) and moved to 'Issuer Not Cooperating' category
Short-term Non-fund based Working capital facilities	40.00	40.00	[ICRA]A4+ ISSUER NOT COOPERATING*; downgraded from [ICRA]A2 and moved to 'Issuer Not Cooperating' category
Long-term/Short-term Unallocated	149.88	149.88	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING; downgraded from [ICRA]BBB+ (Stable)/ [ICRA]A2 and moved to 'Issuer Not Cooperating' category
Total	500.00	500.00	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has downgraded and moved the bank loan ratings for Sri Shanmugavel Mills Private Limited 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 lack of adequate information regarding **Sri Shanmugavel Mills Private Limited's** performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating 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 this rating as the rating 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 **Sri Shanmugavel Mills Private Limited**, 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.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Key financial indicators, Liquidity position, Rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Textile Industry - Spinning Policy in respect of non-co-operation by the rated entity
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has standalone financial statements of Sri Shanmugavel Mills Private Limited

About the company

Sri Shanmugavel Mills Private Limited (SSMPL), was set up in 1980 and is engaged in the manufacturing cotton yarn and knitted fabric. The spinning division of SSML produces counts ranging from 28s to 50s (with average counts of 30s+ being produced). A bulk portion of the yarn manufactured by the company finds its application in the knitting fabric segment. As a part of the business restructuring within the SSM Group, SSML had filed a scheme of arrangement with National Company Law Tribunal (NCLT). Post the restructuring, the company has 1,03,440 spindles, 768 Rotors, 338 knitting machines and windmills of 31.75 MW. Prior to the restructuring, SSML had an installed capacity of 48,336 spindles, 960 rotors, 1 knitting machine, 240 looms and windmills capacity of 23.70 MW.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)			Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as of Sept 30, 2022 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		Date & rating in FY2021	
				Dec 14, 2023	Oct 31, 2022	Sep 24, 2021	Sep 28, 2020	May 04, 2020	
1	Term loan	95.12	95.12	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)	[ICRA]BBB+&	[ICRA]BBB+ @	-	
2	Working capital facility	215.00	-	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)	[ICRA]BBB+&	[ICRA]BBB+ @	[ICRA]A-@	
3	Non-fund based facility	40.00	-	[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A2	[ICRA]A2&	[ICRA]A2@	[ICRA]A2+@	
4	Unallocated facility	149.88	-	[ICRA]BB+ (Stable)/ [ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable)/ [ICRA]A2	[ICRA]BBB+&/ [ICRA]A2&	[ICRA]BBB+ @/ [ICRA]A2@	[ICRA]A-@ /[ICRA]A2+@	

&= Under Watch with Developing Implications; @= Under Watch with Negative Implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loan	Simple
Working capital facility	Simple
Non-fund based facility	Very Simple
Unallocated facility	Not applicable

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	Term Loan	FY2021	-	FY2026	95.12	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	Cash Credit	-	-	-	215.00	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	Letter of Credit	-	-	-	40.00	[ICRA]A4+ ISSUER NOT COOPERATING
NA	Unallocated facility	-	-	-	149.88	[ICRA]BB+ (Stable)/[ICRA]A4+ 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 – Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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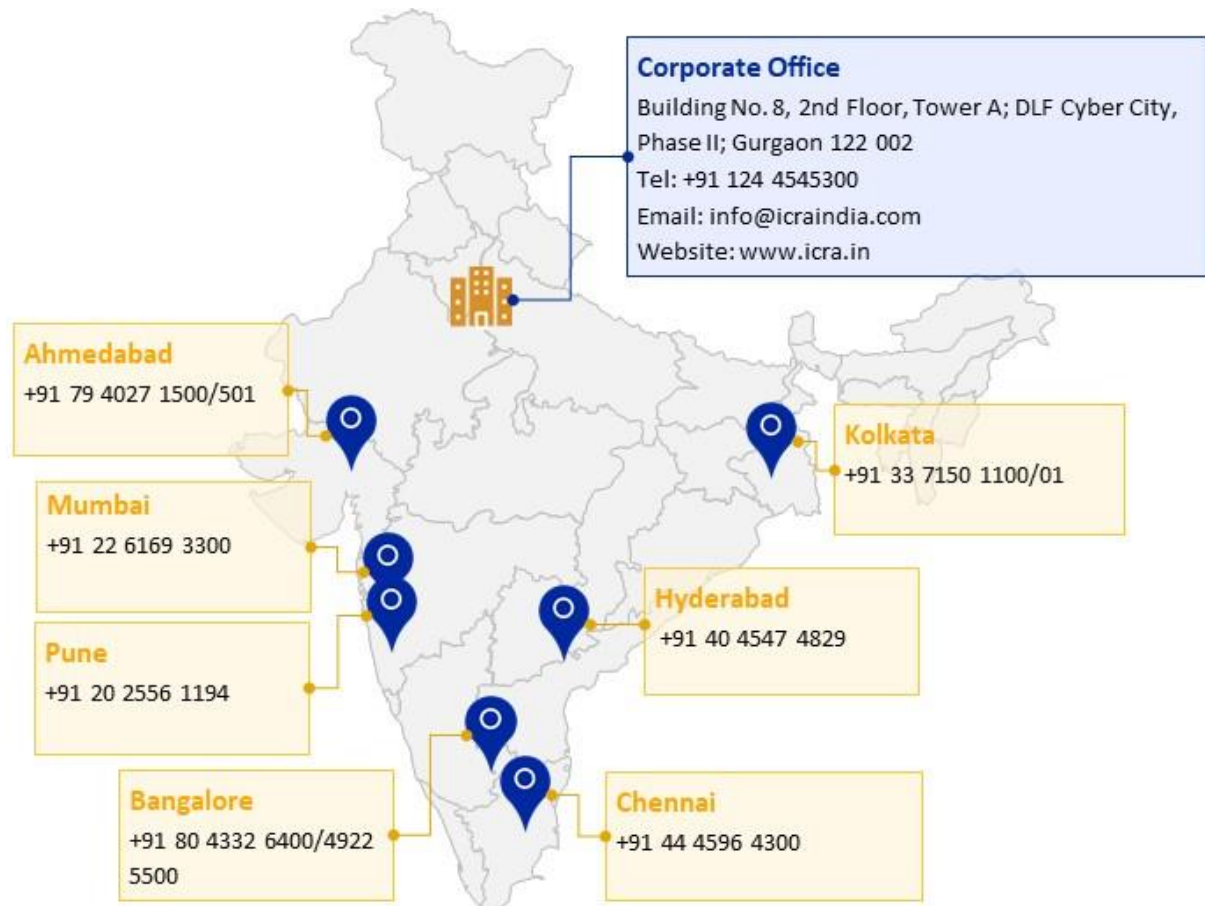
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