



## RATING RATIONALE

18 Sep 2024

### Sambandam Spinning Mills Limited

**Brickwork Ratings downgrades the long-term rating and reaffirms the short-term rating for the Bank Loan Facilities of Rs.101.97 Crs. and Fixed Deposits of Rs.10.00 Crs of Sambandam Spinning Mills Ltd, based on best available information, as the issuer did not cooperate.**

#### Particulars

| Facility/<br>Instruments | Amount Rated<br>(Rs Crs.) |               | Tenure   | Rating*   |   |
|--------------------------|---------------------------|---------------|--|---|---|
|                          | Previous                  | Present       |  | Previous<br>(22 Sep. 2023)  | Present   |
| Fund Based               | 90.75                     | <b>90.75</b>  | Long<br>Term   | BWR BB/Stable<br>continues<br>to be in ISSUER NOT<br>COOPERATING/<br>Downgraded | <b>BWR BB-/Stable<br/>continues<br/>to be in ISSUER NOT<br/>COOPERATING/<br/>Downgraded</b> |
| Fund Based               | 1.62                      | <b>1.62</b>   | Short<br>Term  | BWR A4/ continues to<br>be in ISSUER NOT<br>COOPERATING/<br>Downgrade           | <b>BWR A4/ continues to be in<br/>ISSUER NOT<br/>COOPERATING/<br/>Reaffirmed</b>            |
| Non Fund Based           | 9.60                      | <b>9.60</b>   |  |   |   |
| Fixed Deposits           | 10.00                     | <b>10.00</b>  | Long<br>Term   | BWR BB/Stable<br>continues<br>to be in ISSUER NOT<br>COOPERATING/<br>Downgrade  | <b>BWR BB-/Stable<br/>continues<br/>to be in ISSUER NOT<br/>COOPERATING/<br/>Downgrade</b>  |
| <b>Total</b>             | 111.97                    | <b>111.97</b> | <b>Rs. Hundred and Eleven Crores &amp; Ninety Seven Lakhs Only</b> |   |   |

# Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\* Issuer did not cooperate, based on the best available information.

\*\*Details of the Bank Loan Facilities and Fixed Deposit Issue are available in Annexure-I and Annexure-II respectively.

#### RATING ACTION / NATURE OF NON COOPERATION

The rating is due for a review in Sep. 2024. Brickwork Ratings (BWR) took up with the client to provide the required information over emails. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information, BWR is unable to assess the Company's performance and its ability to service its debt and maintain a valid rating.

Hence, on account of inadequate information and lack of management cooperation, Brickwork Ratings has downgraded the long-term rating to "BWR BB-/Stable" from "BWR BB/Stable" and



reaffirmed the short-term rating at “BWR A4” and continued the ratings under ISSUER NOT COOPERATING\* category.

The lenders/investors may note to exercise due caution while using the rating which mentions "Issuer Not Cooperating" since the rating lacks any projections or forward-looking component as it is arrived at based on the best available information without any management/banker's interaction.

### LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

### ABOUT THE ENTITY

| Macro Economic Indicator | Sector   | Industry            | Basic Industry      |
|--------------------------|----------|---------------------|---------------------|
| Consumer Discretionary   | Textiles | Textiles & Apparels | Garments & Apparels |

Sambandam Spinning Mills Limited (SSMPL or 'the company') was incorporated in 1973 and is a BSE listed company since 1995. The Company is in the business of manufacturing cum trading of textile yarn with various varieties of inputs such as cotton, viscose, polyester and milange.

The company has four Yarn manufacturing units at Salem –Tamil Nadu with an operating capacity of 1,43,052 Spindles. The company has installed sixteen Wind Turbine Generators for a total capacity of 12.575 MW in Tirunelveli and Coimbatore districts of Tamil Nadu. The electricity generated by the wind mills is mostly used for captive generation.

The Company is managed by three whole time promoter directors, Sri.S.Devarajan, Chairman and Managing Director, Sri.S.Jegarajan, Joint Managing Director and Sri.S.Dinakaran, Joint Managing Director.

**Note:** *As per the Information available with BWR as of 11-Aug-2021.*

### KEY FINANCIAL INDICATORS (Standalone)

| Particular        | FY23 (Audited) | FY24 (Audited) | Q1FY25 (Unaudited) |
|-------------------|----------------|----------------|--------------------|
| Operating Revenue | 261.29         | 218.08         | 68.75              |
| EBITDA            | -6.36          | -4.5           | 0.91               |
| PAT               | -12.03         | -7.9           | -1.11              |
| TNW               | 95.51          | 90.98          | NA                 |
| Total Debt/TNW    | 0.65           | 0.47           | NA                 |
| Current Ratio     | 1.23           | 1.05           | NA                 |

**NON-COOPERATION WITH PREVIOUS RATING AGENCY -**

| Credit Rating Agency     | Status and Reason for Non-Cooperation   | Press Release Date |
|--------------------------|---|--------------------|
| CRISIL                   | CRISIL ratings classified the ratings as 'non cooperative' as the issuer did not provide the requisite information needed to conduct the rating exercise. | 3rd Jan2023        |
| India Ratings & Research | India ratings classified the ratings as 'non cooperative' as the issuer did not provide the requisite information needed to conduct the rating exercise.  | 7th July2023       |

**ANY OTHER INFORMATION**

NA

**RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspended)**

(Amt. in Rs. Crs.)

| Facilities         | 2024 (Curent) |               |   | 22 Sep 2023  | 12-Sep-2022                                       | 11-Aug- 2021                  |
|--------------------|---------------|---------------|---|--|---|-------------------------------|
| Type               | Tenure        | Amt           | Rating  | Rating   | Rating  | Rating                        |
| Fund Based         | LT            | 90.75         | BWR BB-/Stable continues to be in ISSUER NOT COOPERATING/ Downgrade   | BWR BB/Stable continues to be in ISSUER NOT COOPERATING/ Downgrade | BWR BB+/Stable ISSUER NOT COOPERATING / Downgrade | BWR BBB/Stable/ Upgraded      |
| Fund Based         | ST            | 1.62          | BWR A4/ continues to be in ISSUER NOT COOPERATING/ Reaffirmed         | BWR A4/ continues to be in ISSUER NOT COOPERATING/ Downgrade       | BWR A4+/ISSUER NOT COOPERATING / Downgrade        | BWR A3+ /Upgraded             |
| Non-Fund Based     | ST            | 9.60          |   |  |   |                               |
| Fixed Deposits     | LT            | 10.00         | BWR BB-/Stable continues to be in ISSUER NOT COOPERATING/ Downgrade   | BWR BB/Stable continues to be in ISSUER NOT COOPERATING/ Downgrade | BWR FBBB / Stable / Upgraded                      | BWR FBBB- / Stable / Upgraded |
| <b>Grand Total</b> |               | <b>111.97</b> | <b>(Rupees Hundred and Eleven Crores and Ninety Seven Lakhs Only)</b> |  |   |                               |

**Hyperlink/Reference to applicable Criteria**

|  |   |
|--|---|
| <a href="#">General Criteria</a>                 | <a href="#">Manufacturing Companies</a> |
| <a href="#">Approach to Financial Ratios</a>     | <a href="#">Short Term Debt</a>         |
| <a href="#">What Constitutes Non-Cooperation</a> |   |

| Analytical Contacts  |   |
|--|---|
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| 1-860-425-2742   | <a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>  |

### Sambandham Spinning Mills Limited

#### ANNEXURE I

#### Details of Bank Facilities rated by BWR

| Sl. No.  | Name of the Bank    | Type of Facilities                       | Long Term (Rs Cr.) | Short Term (Rs Cr.) | Total (Rs Cr.) | Complexity of the Instrument |
|--|---------------------|--|--------------------|---------------------|----------------|------------------------------|
| 1  | State Bank of India | CC                                       | 29.60              | -                   | 29.60          | Simple##                     |
| 2  |                     | Stand by line of credit (sublimit of CC) | (3.0)              |                     | (3.0)          | Simple##                     |
| 3  |                     | EPC/FPC ( Sublimit of CC)                | -                  | (1.50)              | (1.50)         | Simple##                     |
| 4  |                     | FBD/EBR (Non LC)(Sublimit of CC)         | -                  | (1.00)              | (1.00)         | Simple##                     |
| 5  |                     | BG (Sublimit)                            | -                  | (1.50)              | (1.50)         | Simple##                     |
| 6  |                     | Short Term COVID Loan                    | -                  | 1.12                | 1.12           | Simple##                     |
| 7  |                     | Term Loan                                | 2.75               | -                   | 2.75           | Simple##                     |
| 8  |                     | Term Loan - GECL                         | 6.68               | -                   | 6.68           | Simple##                     |
| 9  |                     | LC                                       | -                  | 4.95                | 4.95           | Simple##                     |
| 10   |                     | CEL                                      | -                  | 0.27                | 0.27           | Simple##                     |
| 11   | Canara Bank         | Cash Credit                              | 10.15              | -                   | 10.15          | Simple##                     |
| 12   |                     | Short Term COVID Loan                    | -                  | 0.50                | 0.50           | Simple##                     |
| 13   |                     | Term loan- GECL                          | 1.93               | -                   | 1.93           | Simple##                     |
| 14   | Karnataka Bank      | OD                                       | 8.25               | -                   | 8.25           | Simple##                     |
| 15   |                     | Term Loan                                | 1.14               | -                   | 1.14           | Simple##                     |
| 16   |                     | Term loan- GECL                          | 1.87               | -                   | 1.87           | Simple##                     |
| 17   |                     | LC                                       | -                  | 4.30                | 4.30           | Simple##                     |
| 18   |                     | BG                                       | -                  | (2.00)              | (2.00)         | Simple##                     |
| 19   |                     | CEL                                      |                    | 0.08                | 0.08           | Simple##                     |
| 20   | South Indian Bank   | CC                                       | 5.25               | -                   | 5.25           | Simple##                     |
| 21   |                     | Term loan- GECL                          | 0.72               |                     | 0.72           | Simple##                     |
| 22   | Catholic            | Term Loan                                | 13.86              | -                   | 13.86          | Simple##                     |
| 23   | Syrian Bank         | Term Loan-Fresh                          | 8.55               | -                   | 8.55           | Simple##                     |
| <b>Rupees One Hundred and One Crores and Ninety Seven Lakhs Only</b> |                     |  |                    |                     | <b>101.97</b>  |                              |



**Sambandam Spinning Mills Ltd**

**ANNEXURE II**

**Details of Fixed Deposits rated by BWR**

| S.No.                                 | Instrument     | Amount (Rs. Crs.) | Tenure    | Rate of Interest | Complexity of the Instrument |
|---------------------------------------|----------------|-------------------|-----------|------------------|------------------------------|
| 1.                                    | Fixed Deposits | 10.00             | 36 months | 10%-11%          | Simple##                     |
| <b>Total - Rupees Ten Crores only</b> |                |                   |           |                  |                              |

##BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com](http://www.brickworkratings.com) / [download](#) / [ComplexityLevels.pdf](#). Investors' queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**ANNEXURE III**

**List of Entities Consolidated**

| Name of the Entity | % of Ownership | Extent of Consolidation | Rationale for Consolidation |
|--------------------|----------------|-------------------------|-----------------------------|
| Nil                | Nil            | Nil                     | Nil                         |

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