

## RATING RATIONALE

22 Sep 2023

### Sambandham Spinning Mills Limited

Brickwork Ratings downgraded the ratings 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/ Instruments	Amount Rated (Rs Crs.)		Tenure	Rating*	
	Previous	Present		Previous (21 Sep. 2022)	Present
Fund Based	90.75	<b>90.75</b>	Long Term	BWR BB+/Stable ISSUER NOT COOPERATING*/ Downgrade	<b>BWR BB/Stable continues to be in ISSUER NOT COOPERATING/ Downgrade</b>
Fund Based	1.62	<b>1.62</b>	Short Term	BWR A4+ ISSUER NOT COOPERATING*/ Downgrade	<b>BWR A4/ continues to be in ISSUER NOT COOPERATING/ Downgrade</b>
Non Fund Based	9.60	<b>9.60</b>			
Fixed Deposits	10.00	<b>10.00</b>	Long Term	BWR BB+/ Stable ISSUER NOT COOPERATING* / Downgrade	<b>BWR BB/Stable continues to be in ISSUER NOT COOPERATING/ Downgrade</b>
<b>Total</b>	111.97	<b>111.97</b>	<b>Rupees Hundred and Eleven Crores and Ninety Seven Lakhs Only</b>		

Rating Advisory issued on 22Aug2022

# 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. 2023 and 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 ratings to “BWR BB/Stable/A4” and continued the ratings under ISSUER NOT COOPERATING\* category.

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

### 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:** Information available as on Aug 2021

### KEY FINANCIAL INDICATORS (Standalone)

Particulars	Unit	FY22 Audited	FY23 Audited	FY24(Q1) (Unaudited)
Operating Revenue	Rs. Crs.	354.94	263.25	52.43
EBITDA	Rs. Crs.	46.45	9.07	0.74
PAT	Rs. Crs.	14.52	-11.78	-3.12
Tangible Net Worth	Rs. Crs.	115.26	95.51	NA
Total Debt/Tangible Net Worth	Times	1.16	1.36	NA
Current Ratio	Times	1.39	1.23	NA

**NON-COOPERATION WITH PREVIOUS RATING AGENCY**

SI	Date	CRA	Ratings	Amount Rated	Rating Action
1	Jan 3, 2023	CRISIL	CRISIL BB+ /Stable/A4+/ISSUER NOT COOPERATING	BG - 3.50 Cr. CC - 53.25 Cr. LC - 6.66 Cr. TL -25.44 Cr. <b>Total - 88.85 Cr.</b> FD - 11.90 Cr.	Downgraded
2	Jun 6, 2023	Infomerics Ratings	IVR BBB-/ Negative (IVR Triple B Minus with Negative Outlook), IVR A3 (IVR A Three)	TL - 72.96 Cr. CC - 53.25 Cr. LC - 9.25 Cr. <b>Total - 135.46 Cr.</b> FD - 10.00 Cr.	Reaffirmed with revision in outlook
3	Jul 07, 2023	India Ratings & Research	IND BBB-/IND A3 /ISSUER NOT COOPERATING	FB WC - 53.52 Cr. NFB WC - 9.25 Cr. TL - 75.555 Cr. <b>Total - 138.325 Cr.</b> FD - 7.61 Crs.	Migrated to non-cooperating category
4	Aug 16, 2023	Infomerics Ratings	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook),IVR A4+	TL - 72.96 Cr. CC - 53.25 Cr. LC - 9,25 Cr. <b>Total - 135.46 Cr.</b> FD - 10.00 Cr.	Revised

**ANY OTHER INFORMATION**

NA

**RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspended)**  
(Amt. in Rs. Crs.)

Facilities	Tenure	2023 (current)		2022		2021#	2020	
Type		Amt.	Rating	Amt.	Rating	Rating	Amt.	Rating
Fund Based	LT	90.75	BWR BB/Stable continues to be in ISSUER NOT COOPERATING / Downgrade	90.75	BWR BB+/Stable ISSUER NOT COOPERATING* /Downgrade	BWR BBB/Stable /Upgraded	74.45	BWR BBB-/Stable/Assigned
Fund Based	ST	1.62	BWR A4/ continues to be in ISSUER NOT COOPERATING / Downgrade	1.62	BWR A4+ ISSUER NOT COOPERATING* /Downgrade	BWR A3+ /Upgraded	13.62	BWR A3 Assigned
Non-Fund Based	ST	9.60	BWR A4/ continues to be in ISSUER NOT COOPERATING / Downgrade	9.60				
Fixed Deposits	LT	10.00	BWR A4/ continues to be in ISSUER NOT COOPERATING / Downgrade	10.00	BWR BB+/Stable ISSUER NOT COOPERATING* /Downgrade	BWR FBBB/Stable /Upgraded	10.00	BWR FBBB-/Stable Assigned
<b>Grand Total</b>				<b>111.97</b>	<b>(Rupees Hundred and Eleven Crores and Ninety Seven Lakhs Only)</b>			

Rating Advisory issued on 22Aug2022

# BWR has removed the prefix 'F' from its Long Term rating symbols for Fixed Deposits as prescribed under the SEBI guidelines vide press release dated 29June2022.

**COMPLEXITY LEVELS OF THE INSTRUMENTS - Simple**

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

**Hyperlink/Reference to applicable Criteria**

<ul style="list-style-type: none"> <li>• <a href="#">General Criteria</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Manufacturing Companies</a></li> </ul>
<ul style="list-style-type: none"> <li>• <a href="#">Approach to Financial Ratios</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Short Term Debt</a></li> </ul>
<ul style="list-style-type: none"> <li>• <a href="#">What Constitutes Non-Cooperation</a></li> </ul>	

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## 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.)
1	State Bank of India	CC	29.60	-	29.60
3		EPC/FPC ( Sublimit of CC)	-	(1.50)	(1.50)
4		FBD/EBR (Non LC)(Sublimit of CC)	-	(1.00)	(1.00)
5		BG (Sublimit)	-	(1.50)	(1.50)
6		Short Term COVID Loan	-	1.12	1.12
7		Term Loan	2.75	-	2.75
8		Term Loan - GECL	6.68	-	6.68
9		LC	-	4.95	4.95
10		CEL	-	0.27	0.27
11		Canara Bank	Cash Credit	10.15	-
12	Short Term COVID Loan		-	0.50	0.50
13	Term loan- GECL		1.93	-	1.93
14	Karnataka Bank	OD	8.25	-	8.25
15		Term Loan	1.14	-	1.14
16		Term loan- GECL	1.87	-	1.87
17		LC	-	4.30	4.30
18		BG	-	(2.00)	(2.00)
19		CEL		0.08	0.08
20	South Indian Bank	CC	5.25	-	5.25
21		Term loan- GECL	0.72		0.72
22	Catholic Syrian Bank	Term Loan	13.86	-	13.86
23		Term Loan-Fresh	8.55	-	8.55
<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
1.	Fixed Deposits	10.00	36 months	10%-11%
<b>Total - Rupees Ten Crores only</b>				

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