



# Super Spinning Mills Limited

Regd. & Central Office : "Elgi Towers" P.B. 7113, Green Fields, 737- D, Puliakulam Road, Coimbatore - 641 045.  
CIN : L17111TZ1962PLC001200



July 15, 2021

<b>Listing Department</b> <b>BSE Ltd</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001  <b>Scrip Code: - 521180</b>	<b>Listing Department</b> <b>National Stock Exchange of India Limited</b> "Exchange Plaza", C-1, Block G Bandra - Kurla Complex, Bandra (E) Mumbai - 400 051  <b>Scrip Code: - SUPERSPIN</b>
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Dear Sir,

**Sub: Assignment of Credit Rating - Intimation under Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that, the CARE Ratings Agency has assigned the following credit rating to the Company.

S.No	Facilities	Rating	Rating Action
1	Long Term Bank Facilities	CARE BB; Stable (Double B; Outlook: Stable)	Revised from CARE BB-
2	Long Term / Short Term Bank Facilities	CARE BB; Stable / CARE A4 (Double B; Outlook: Stable / A Four)	Revised from CARE BB-
3	Short Term Bank Facilities	CARE A4+ (A Four Plus)	Revised from CARE A4

A copy of letter dtd. 14.07.2021 as issued by the rating agency is attached herewith.

Thanking you

Yours truly

For Super Spinning Mills Ltd

*Narmatha G K*  
Narmatha G K  
Company Secretary

**RECOGNISED EXPORT - TRADING HOUSE**

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**Shri B Sathyanarayana Reddy**  
**Chief Financial Officer**  
**Super Spinning Mills Limited**  
 ELGI Towers, 737-D, Puliakulam Road,  
 Coimbatore, Tamil Nadu  
 Coimbatore  
 Tamil Nadu 641045

July 14, 2021

**Confidential**

Dear Sir,

**Credit rating for bank facilities**

On the basis of recent developments including operational and financial performance of your Company for FY21 (Audited), our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	24.97 (Enhanced from 1.93)	CARE BB; Stable (Double B; Outlook: Stable)	Revised from CARE BB-; Stable (Double B Minus; Outlook: Stable)
Long Term / Short Term Bank Facilities	12.00 (Reduced from 27.80)	CARE BB; Stable / CARE A4+ (Double B ; Outlook: Stable / A Four Plus)	Revised from CARE BB-; Stable / CARE A4 (Double B Minus ; Outlook: Stable / A Four)
Short Term Bank Facilities	3.00 (Reduced from 19.45)	CARE A4+ (A Four Plus)	Revised from CARE A4 (A Four)
Short Term Bank Facilities	0.00		Withdrawn
<b>Total Facilities</b>	<b>39.97</b> <b>(Rs. Thirty-Nine Crore and Ninety-Seven Lakhs Only)</b>		

2. Refer **Annexure 1** for details of rated facilities.
3. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by July 15, 2021, we will proceed on the basis that you have no any comments to offer.

4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



**Akhil Thomas**

Analyst

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**Naveen S**

Manager

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Encl.: As above

**Disclaimer**

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

## Annexure 1

### Details of Rated Facilities

#### 1. Long Term Facilities

##### 1.A. Term Loans

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Debt Repayment Terms
1.	Tata Capital Financial Services Ltd.	20.67	108 monthly installments from March 2021
2.	IDBI Bank Ltd.	3.55	36 monthly installments from August 2021
3.	State Bank of India	0.75	36 monthly installments from December 2021
	<b>Total</b>	<b>24.97</b>	

*o/s as on May 31, 2021*

**Total Long-Term Facilities: Rs.24.97 crore**

#### 2. Short Term Facilities

##### 2.A. Non-Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Remarks
1.	IDBI Bank Ltd.	3.00	Letter of Credit/Bank Guarantee
	<b>Total</b>	<b>3.00</b>	

**Total Short-Term Facilities: Rs.3.00 crore**

#### 3. Long Term / Short Term Facilities

##### 3.A. Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)	Debt Repayment Terms
1.	IDBI Bank Ltd.	10.00	CC/EPC
2.	State Bank of India	2.00	
	<b>Total</b>	<b>12.00</b>	

*CC: Cash Credit; EPC: Export Packing Credit*

**Total Long Term / Short Term Facilities: Rs.12.00 crore**

**Total Facilities (1.A+2.A+3.A) : Rs.39.97 crore**

**Annexure-2**  
**Press Release**  
**Super Spinning Mills Limited**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	24.97 (Enhanced from 1.93)	CARE BB; Stable (Double B; Outlook: Stable )	Revised from CARE BB-; Stable (Double B Minus; Outlook: Stable)
Long Term / Short Term Bank Facilities	12.00 (Reduced from 27.80)	CARE BB; Stable / CARE A4+ (Double B ; Outlook: Stable/ A Four Plus )	Revised from CARE BB-; Stable / CARE A4 (Double B Minus ; Outlook: Stable / A Four)
Short Term Bank Facilities	3.00 (Reduced from 19.45)	CARE A4+ (A Four Plus )	Revised from CARE A4 (A Four)
Short Term Bank Facilities	-	-	Withdrawn
<b>Total Bank Facilities</b>	<b>39.97</b> <b>(Rs. Thirty-Nine Crore and Ninety-Seven Lakhs Only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

The revision in the ratings assigned to the bank facilities of Super Spinning Mills Limited (SSML) factor in the improved profitability during Q4FY21 (refers to the period January 1 to March 31) leading to the company reporting operating profits during FY21 against the losses in the past, and improved liquidity with reduced working capital borrowings through monetization of assets. The ratings continue to derive strength from the vast experience of the promoters, established track record of the company and comfortable capital structure. The ratings however are constrained by the small scale of operations with continued net losses over the years, and vulnerability of profit margins to volatility in cotton/yarn prices.

Rating sensitivities

**Positive Factors**

- Ability to scale up operations above Rs.80 crores with greater product diversification.
- Ability to effectively utilize the installed capacity and improve profitability with PBILDT margin over 12% on sustained basis

**Negative Factors**

- Any large debt funded capex leading to moderation in overall gearing above 2x.
- Any drop in occupancy or rentals on the leased properties

**Detailed description of the key rating drivers**

**Key rating Strengths**

***Vast experience of the promoters in textile industry and established track record of the company:***

SSML belongs to SARA ELGI group, in Coimbatore. SSML commenced operations in 1962 and has an installed capacity of 34,560 spindles (reduced from 1.09 lakh spindles as on March 31, 2020) as on

March 31, 2021, in Andhra Pradesh. The board of directors comprises of experienced industrialists, with three to four decades of experience in textile/ other industries.

**Improved PBILDT margins in FY21:** SSML had stopped the production of its non-viable unit since the start of FY21 and sold the same in December 2020. The PBILDT margins improved to 14.84% in Q4FY21 from 0.95% in Q3FY21 aided by the better realization of cotton yarn and lower fixed overheads. As a result, SSML reported PBILDT of Rs.1.73 crore In FY21 as against the operating losses over the past three years.

**Comfortable capital structure:** SSML has constantly reduced its debt levels through monetization of its freehold land to the tune of around Rs.60 crore over the past three years. Furthermore, during FY21, SSML has also sold an old manufacturing unit with 55,000 spindles for the total consideration of Rs.35 crore including profit of Rs.5 crore against which it had received Rs.27 crore. The above proceeds were used to lower the working capital borrowings and creditors. The capital structure continued to remain comfortable with overall gearing of 0.32x (PY: 0.32x) as on March 31, 2021

#### **Key Rating Weaknesses**

**Small Scale of Operations with net losses over the years:** The scale of operations of SSML stood small, with operating income declined by 67% to Rs.49.9 crore in FY21 from Rs.149.9 crore in FY20 due to closure of operations of a spinning unit from the start of FY21 which contributed 45% of income in FY20 and also due to lower sales in Q1FY21 following covid induced lockdown restrictions. With lower income, the company continued to report net loss of Rs.2.4 crore in FY21, however lower by Rs.8.87 crore compared to FY20. The interest coverage also stood weak at 0.27x in FY21.

**Vulnerability of margins to volatility in raw material prices:** The profitability of spinning mills depends largely on the prices of cotton and cotton yarn which are governed by various factors such as area under cultivation, monsoon, international demand-supply situation, etc. The cotton being the major raw material of spinning mills, movement in cotton prices without parallel movement in yarn prices impact the profitability of the spinning mills. The cotton textile industry is inherently prone to the volatility in cotton and yarn prices

**Liquidity: Stretched-** The liquidity profile of the company remained stretched however eased during the year through monetization of assets towards reduction in working capital borrowings and creditor levels. The company also availed Lease Rental Loans of Rs.21 crore during November 2020 which was backed by the rental income of around Rs.4 crore per year. The current ratio of the company has been below unity for the past few years due to higher reliance on working capital borrowings. The working capital limits are reduced to Rs.12 crore from Rs.27.8 crore and the average utilization stood comfortable at 61% over the past 12 months ended June 2021. The company also availed covid loans of Rs.4.30 crore during the year to fund working capital requirements.

#### **Industry Outlook and impact of Covid-19:**

The international cotton prices are expected to remain stable in the coming months supported by an expected improvement in global domestic cotton consumption and international trade demand with ending cotton stocks likely to decline by 3%. The cotton prices in India are also expected to be steady in the coming months backed by a likely growth in domestic consumption and improvement in cotton exports from India. While international demand for cotton yarn is expected to stay stable backed by an increase in economic activities with the launch of Covid-19 vaccination drive in various parts of the world, it remains to be seen if Bangladesh continues to import significant quantity of cotton yarn from India

**Analytical approach:** Standalone

**Applicable Criteria**

Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings

CARE's Methodology for Cotton Textile Manufacturing

CARE's Policy on Default Recognition

Financial Ratios- Non-Financial Sector

Liquidity Analysis of Non-Financial Sector Entities

Criteria for Short term Instruments

**About the Company**

Super Spinning Mills Limited (SSML) incorporated in 1962, is primarily engaged in cotton yarn spinning, with a manufacturing unit in the State of Andhra Pradesh. SSML has an aggregate installed capacity of 34,560 as on March 31, 2021. SSML manufactures cotton yarn majorly in the higher count range of 40ss to 80s.

<b>Brief Financials (Rs. crore)</b>	<b>FY20 (A)</b>	<b>FY21 (A)</b>
Total operating income	149.91	49.10
PBILDT	-4.73	1.73
PAT	-11.31	-2.44
Overall gearing (times)	0.32	0.32
Interest coverage (times)	-0.48	0.27

A-Audited

**Status of non-cooperation with previous CRA:** NA

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

<b>Name of the Instrument</b>	<b>Date of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Size of the Issue (Rs. crore)</b>	<b>Rating assigned along with Rating Outlook</b>
Fund-based - LT-Term Loan	-	-	March 2030	24.97	CARE BB; Stable
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC	-	-	-	3.00	CARE A4+
Fund-based - LT/ ST-CC/PC/Bill Discounting	-	-	-	12.00	CARE BB; Stable / CARE A4+



### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	24.97	CARE BB; Stable	-	1)CARE BB-; Stable (08-Sep-20)	1)CARE BB-; Stable (27-Aug-19)	1)CARE BB-; Stable (27-Dec-18)
2.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	-	-	-	1)CARE A4 (08-Sep-20)	1)CARE A4 (27-Aug-19)	1)CARE A4 (27-Dec-18)
3.	Fund-based - ST-Foreign Bill Discounting	ST	-	-	-	-	1)Withdrawn (27-Aug-19)	1)CARE A4 (27-Dec-18)
4.	Fund-based - ST-Foreign Bill Discounting	ST	-	-	-	-	1)Withdrawn (27-Aug-19)	1)CARE A4 (27-Dec-18)
5.	Non-fund-based - ST-BG/LC	ST	3.00	CARE A4+	-	1)CARE A4 (08-Sep-20)	1)CARE A4 (27-Aug-19)	1)CARE A4 (27-Dec-18)
6.	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	12.00	CARE BB; Stable / CARE A4+	-	1)CARE BB-; Stable / CARE A4 (08-Sep-20)	1)CARE BB-; Stable / CARE A4 (27-Aug-19)	1)CARE BB-; Stable / CARE A4 (27-Dec-18)

### Annexure 3: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple
2.	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
3.	Fund-based - ST-Bills discounting/ Bills purchasing	Simple
4.	Non-fund-based - ST-BG/LC	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

## Contact us

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

#### Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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