

Erode Sri Palani Murugan Spinning Mills Private Limited
 January 13, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	14.67	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB-; Stable; (Double B Minus; Outlook: Stable)
Short Term Bank Facilities	0.33	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE A4; (A Four)
Total Bank Facilities	15.00 (Rs. Fifteen Crore Only)		

Details of instruments/facilities in Annexure

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated January 10, 2020, placed the rating(s) of Erode Sri Palani Murugan Spinning Mills Private Limited (ESMPL) under the 'issuer non-cooperating' category as ESMPL had failed to provide information for monitoring of the rating. ESMPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated January 11, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed description of the key rating drivers

The revision in the rating takes into account of on going delays as per publically available information and non-availability of requisite information due to non-cooperation by ESMPL with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile.

Key Rating Weakness**On going delays**

As per the publically available information there are on going delays in debt servicing and the account is classified under SMA I category by its lender.

Key Rating Strengths**Long track record of the company and experience of the promoters for more than one decade in textile industry**

Erode Sri Palani Murugan Spinning Mills Private Limited (ESPMSPL) was promoted by Mr. E. Palanisamy (Managing Director) and others. Mr.E.Palanisamy has more than 20 years of experience in textile industry. Mr.S.Palanisamy (Director), Mr.P.Pramod Kumar (Director), Mr.M.Kandasamy (Director) and Mr.R.Sivalingam (Director) have more than 15 years of experience in textile industry. Mr.P.Pavathal (Director) has more than 10 years of experience in textile industry. Due to long experience of the promoters, they were able to establish long term relationship with clientele which will help in growing the business in near future.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[CARE's Policy on Curing period](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology - Manufacturing Companies](#)

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications.

*Issuer Not Cooperating, based on best available information

About the Company

Erode Sri Palani Murugan Spinning Mills Private Limited (ESMPL) is a Tamil Nadu based company, which was incorporated in 2006 and promoted by Mr. E. Palanisamy and others as a Private Limited company. The company is engaged in manufacturing of cotton yarn (30-46 counts) with a total installed capacity of 13,824 spindles at its manufacturing unit located at Erode, Tamil Nadu. The manufacturing process includes ginning of raw cotton, blending, carding, combing, drawing out, twisting and spinning. The company is also engaged in manufacturing of cloth at its weaving mill from rayon yarn.

Brief Financials (Rs. crore)	FY18 (A)	FY19(A)
Total operating income	33.39	31.13
PBILDT	3.96	3.86
PAT	0.90	0.81
Overall gearing (times)	1.12	1.03
Interest coverage (times)	2.80	2.86

A: Audited

Status of non-cooperation with previous CRA: BWR has conducted the review on the basis of best available information and has classified Erode Sri Palani Murugan Spinning Mills Private Limited as "Not Cooperating" vide its press release dated January 07, 2021.

CRISIL has conducted the review on the basis of best available information and has classified Erode Sri Palani Murugan Spinning Mills Private Limited as "Not Cooperating" vide its press release dated September 22, 2020.

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March 2025 [^]	4.17	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	0.33	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	10.50	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

[^] Update on maturity date remained unavailable

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	4.17	CARE D; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (10-Jan-20) 2)CARE BB-; Stable (03-Oct-19)	1)CARE BB; Stable (10-Oct-18)	-
2.	Non-fund-based - ST-Bank Guarantees	ST	0.33	CARE D; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (10-Jan-20) 2)CARE A4 (03-Oct-19)	1)CARE A4 (10-Oct-18)	-
3.	Fund-based - LT-Cash Credit	LT	10.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (10-Jan-20) 2)CARE BB-; Stable (03-Oct-19)	1)CARE BB; Stable (10-Oct-18)	-

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-Not Applicable**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-Bank Guarantees	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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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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.

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