

Press Release

Thangavel Fabrics Private Limited

May 05, 2023



Rating Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.25	ACUITE BB Reaffirmed Issuer not co-operating*	-
Bank Loan Ratings	21.93	-	ACUITE A4+ Reaffirmed Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	40.18	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of '**ACUITE BB**' (read as **ACUITE BB**) and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four 'plus'**) on the Rs.40.18 Cr bank facilities of Thangavel Fabrics Private Limited (TFPL).

This rating is now an indicative rating and is based on the best available information.

About the Company

Erode based, Thangavel Fabrics Private Limited (TFPL), is engaged in manufacture of linen fabric, viscose fabric and pure cotton yarn. TFPL was Incorporated in January 2005, by merging four proprietorship concerns promoted by Mr. A. Thangavel. These proprietorship concerns were engaged in manufacture of fabric since 1975. Currently, the company has three manufacturing units in Erode, Tamil Nadu with a total weaving capacity of 81 auto looms (approximately 25,000 meters per day). The promoters of the company are Mr. A. Thangavel, Mr. T. Vijayaragavan, Mr. J. V. Thangavel and Mr. T. Thangamani. The promoters, family and friends collectively hold 100% shareholding in the company

Non-cooperation by the issuer/borrower

Acuité has been requesting for No Default Statements (NDS); however, despite multiple requests; the Company's management has remained non-cooperative and not submitted the NDS for the preceding 03 consecutive months. Acuité has also been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuité believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as "Issuer not cooperating", in line with prevailing SEBI regulations and Acuité's policies

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower in the absence of information provided by the issuer/borrower). Acuité has endeavoured to gather

information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon

Material Covenants

None

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon.

Outlook: Not applicable

Other factors affecting rating

Not applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	44.37	71.00
PAT	Rs. Cr.	0.58	0.95
PAT Margin	(%)	1.31	1.33
Total Debt/Tangible Net Worth	Times	1.21	1.20
PBDIT/Interest	Times	1.62	1.81

Status of non-cooperation with previous CRA

None

Any other information

Acuité is not in receipt of the "No Default Statement (NDS)" since January 2023

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Apr 2022	Cash Credit	Long Term	15.00	ACUITE BB Stable (Upgraded from ACUITE D)
	Bills Discounting	Short Term	2.00	ACUITE A4+ (Upgraded from ACUITE D)
	Bank Guarantee	Short Term	0.30	ACUITE A4+ (Upgraded from ACUITE D)
	Letter of Credit	Short Term	6.00	ACUITE A4+ (Upgraded from ACUITE D)
	Proposed Bank Facility	Short Term	13.63	ACUITE A4+ (Upgraded from ACUITE D)
	Term Loan	Long Term	3.25	ACUITE BB Stable (Upgraded from ACUITE D)
28 Jun 2021	Proposed Bank Facility	Short Term	0.18	ACUITE D (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	0.30	ACUITE D (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	9.00	ACUITE D (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	7.40	ACUITE D (Downgraded and Issuer not co-operating*)
	Bills Discounting	Short Term	8.30	ACUITE D (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	15.00	ACUITE D (Downgraded and Issuer not co-operating*)
15 Apr 2020	Cash Credit	Long Term	15.00	ACUITE BB+ Stable (Assigned)
	Bills Discounting	Short Term	8.30	ACUITE A4+ (Assigned)
	Bank Guarantee	Short Term	0.30	ACUITE A4+ (Assigned)
	Proposed Bank Facility	Short Term	0.18	ACUITE A4+ (Assigned)
	Term Loan	Long Term	7.40	ACUITE BB+ Stable (Assigned)
	Letter of Credit	Short Term	9.00	ACUITE A4+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
DBS Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	0.30	ACUITE A4+ Reaffirmed Issuer not co-operating*
DBS Bank Ltd	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
DBS Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE BB Reaffirmed Issuer not co-operating*
DBS Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	13.63	ACUITE A4+ Reaffirmed Issuer not co-operating*
DBS Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.25	ACUITE BB Reaffirmed Issuer not co-operating*

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Moparthy Anuradha Devi Analyst-Rating Operations Tel: 022-49294065 moparthy.anuradha@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.