



Press Release
SRI MURUGAR SPINNING MILL
November 07, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	66.00	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	5.00	-	ACUITE A3 Assigned
Total Outstanding Quantum (Rs. Cr)	88.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE BBB-**'(read as **ACUITE triple B Minus**) on Rs.66 Crore bank facilities of Sri Murugar Spinning Mill. The Outlook is "**Stable**". Further, Acuite has also assigned long term rating of '**ACUITE BBB-**'(read as **ACUITE triple B Minus**) and short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.22 Crore bank facilities of Sri Murugar Spinning Mill. The Outlook is "**Stable**".

Rationale for Rating:

The rating has been derived taking into consideration the partner's extensive experience in the spinning industry and the firm's established track record of operations. Their operating revenue has grown by approx. 29% in FY 25 (prov.), however, profitability remained constrained. The firm's operating margin remained thin and slightly dipped driven by conversion charges paid to job workers and increase of raw material cost, and further PAT margin also declined on account of higher accelerated depreciation@40% charged on the solar plant and increase in finance cost. The Firm's working capital management remains efficient and liquidity was adequate. The rating continues to be constrained by low profitability, an average financial risk profile, intense industry competition, and the inherent risks associated with raw material price fluctuations and availability.

About the Company

Coimbatore based, Sri Murugar Spinning Mill is a Partnership Firm, founded by Mr. P.V. Devaraj in the year 1997. The firm is engaged in manufacturing of cotton, polyester and blended yarn. They operate as contract manufacturer and is involved in Yarn Conversion activities. Mr. D. Naresh Kumar and Mrs. Prathayani Amirtham are the partners of firm.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Sri Murugar Spinning

Mill(SMSM) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

Sri Murugar Spinning Mill (SMSM) is a partnership firm incorporated in 1997 by Mr.P.V. Devaraj. The firm is engaged in manufacturing of MMF (manmade fibre) yarn and blended yarn. Yarn count ranges between Ne 30s to Ne 72s in both single and multi-fold yarn and other value-added yarns. The firm is currently managed by Mr. D. Naresh Kumar and Mrs. Prathayani Amirtham. SMSM has installed capacity of 41,856 spindles. The major raw material of the firm includes polyester staple fibre. Acuite believes that the firm will continue to benefit from the long standing experience of the management and track record of operations over the medium term.

Steady growth in Topline:

SMSM has shown an increasing trend in the topline and recorded Rs. 553.07 crore in FY 25 (prov) as against Rs. 428.92 crore in FY 2024, driven by a steady flow of orders. Out of total revenue, 23% was contributed by manufacturing activity and the remaining 77% was contributed by job work activity. SSMS has procured raw material and provided the same to the job worker for the production of polyester yarn and blended yarn in terms of conversion charges. Out of total production, 93% is polyester yarn and 7% is blended yarn. The firm has already recorded Rs.260 crore in 5MFY26 as compared to Rs.213 crore in 5MFY25. Acuite believes that their topline will further improve, backed by continuous order book.

Average financial risk profile:

SMSM's financial risk profile is assessed as average, underpinned by a moderately leveraged capital structure and average coverage indicators. The net worth improved to Rs.39.96 crore as on March 31, 2025 (Prov), from Rs.36.04 crore in FY24, supported by a capital infusion of Rs.2.83 crore by the partners and internal accruals. However, the gearing ratio increased to 1.81 times in FY25 (Prov.) from 1.66 times in FY24, primarily due to higher short-term borrowings and a term loan availed for extension of existing building. Interest coverage ratio (ICR) remained stable at 2.30 times in FY25 (Prov.) compared to 2.46 times in FY24, while debt service coverage ratio (DSCR) declined to 1.51 times from 2.46 times over the same period. Acuité believes SMSM's financial profile will improve over the medium term, supported by the absence of any major debt-funded capex plans.

Efficient working capital operations

SMSM's operations are working capital efficient, as reflected by its gross current asset (GCA) days of around 53 days in FY 25 (prov) as against 58 days in FY 24. The firm's inventory days stood at 29 days in FY25 (Prov) as against 32 days in FY24. Debtors' days stood at 18 days in FY 25 (prov) as compared to 20 days in FY 24. Around 98% of debtors are outstanding within the 60-day bracket. SMSM offers a credit period of around 20 to 30 days to their customers. Creditor days stood at 6 days in FY 25 (prov) as compared to 16 days in FY 24. They provide payments to their suppliers in advance, or else the credit period is 10 to 15 days. Other current assets also declined to Rs.6.63 crore in FY 25 (prov) from Rs.8.93 crore in FY 24, which is also a reason for the improvement in GCA days. Acuite believes that SSMS's working capital management will remain efficient in the medium term.

Weaknesses

Lower Profitability:

Despite topline growth, SMSM's profitability remained thin, with operating profit margin dipping to 3.15% in FY25 (Provisional) from 3.57% in FY24, primarily due to conversion charges paid to job workers and rising raw material costs, especially Polyester Staple Fiber (PSF), which is linked to crude oil prices and domestic demand. The firm's PAT margin declined sharply to 0.28% in FY25 (Prov.) from 1.07% in FY24, impacted by increased depreciation and finance costs. Depreciation rose to Rs.8.05 crore in FY25 (prov) from Rs.4.65 crore in FY24, largely due to accelerated depreciation of Rs.3.58 crore claimed on the newly commissioned Rs.9.58 crore

solar power plant. Finance costs also increased due to higher short-term borrowings. Additionally, the firm began accounting for tax at the entity level in FY25, unlike FY24 when tax was paid by individual partners, further straining bottom- line performance. SMSM has installed 3.3 MW windmills and a 2 MW solar plant, with 73% of unit consumption currently being met through renewable sources, expected to rise to 80–85%. Acuité believes profitability will remain subdued in the near term due to continued reliance on job work.

Highly competitive nature of industry and Susceptible to fluctuations of raw material prices.

The textile industry's highly competitive environment presents significant challenges, potentially impacting the firm's market position and profitability. Additionally, the business faces risks associated with the availability and fluctuation of raw material prices, which can lead to unpredictable cost structures and supply chain issues. These factors contribute to financial instability and may affect the firm's ability to maintain consistent profitability and operational efficiency.

Rating Sensitivities

1. Movement in profitability
2. Improvement in financial risk profile

Liquidity Position
Adequate

The liquidity profile of the firm is adequate, marked by net cash accruals that stood at Rs. 9.58 Cr. in FY 2025 (prov) against the current maturities for debt obligations of Rs. 3.69 Cr. The firm has an unencumbered cash & bank position of Rs. 2.45 Cr., and the current ratio stood at 1.29 times for FY 25 (prov.). The average fund-based utilization is 87.20% for the last 6 months ended Aug 2025, reflecting high dependency on working capital loans. Acuite believes that the firm will be able to maintain adequate liquidity with steady accruals in the near to medium term.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	553.07	428.92
PAT	Rs. Cr.	1.53	4.60
PAT Margin	(%)	0.28	1.07
Total Debt/Tangible Net Worth	Times	1.81	1.66
PBDIT/Interest	Times	2.30	2.46

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Any other information

None.

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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
06 Sep 2024	Term Loan	Long Term	3.98	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	4.74	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.10	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.11	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	40.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	9.13	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.20	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.29	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	0.39	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	2.06	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Federal Bank Limited	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3 Assigned
Federal Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE BBB- Stable Reaffirmed
Federal Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB- Stable Assigned
Federal Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- Stable Assigned
Federal Bank Limited	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	19 Nov 2026	1.45	Simple	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.37	Simple	ACUITE BBB- Stable Reaffirmed
Federal Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2030	2.50	Simple	ACUITE BBB- Stable Reaffirmed
Federal Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	09 Oct 2032	8.55	Simple	ACUITE BBB- Stable Reaffirmed
Federal Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	09 Oct 2030	3.98	Simple	ACUITE BBB- Stable Reaffirmed
Federal Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Apr 2031	4.21	Simple	ACUITE BBB- Stable Reaffirmed
Federal Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	27 Mar 2027	0.73	Simple	ACUITE BBB- Stable Reaffirmed
Federal Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	06 Oct 2030	2.10	Simple	ACUITE BBB- Stable Reaffirmed
Federal Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	06 Oct 2030	2.11	Simple	ACUITE BBB- Stable Reaffirmed
Federal	Not avl.		Not avl.	Not avl.	31 Jul			ACUITE BBB-

Bank Limited	/ Not appl.	Term Loan	/ Not appl.	/ Not appl.	2030	2.00	Simple	Stable Assigned
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About Acuité Ratings & Research

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