

RATING RATIONALE

27 Oct 2020

Acme Yarns Pvt. Ltd.

Brickwork Ratings downgrades the long term ratings and reaffirms the short term rating for the Bank Loan Facilities of ₹ 6.34 Crores of Acme Yarns Pvt. Ltd. based on best available information, as the Issuer did not cooperate.

Particulars

| Facility | Amount (₹ Cr) | | Tenure | Rating# | |
|----------------------|---------------|-------------|--|---|---|
| | Previous | Present | | Previous (October, 2019) | Present |
| Fund Based Term Loan | 2.59 | 2.59 | Long Term | BWR B- Issuer Not Cooperating* (Stable) | BWR C+ Issuer Not Cooperating* (Downgraded) |
| CC/OBDD (90 days) | 3.75 | 3.75 | Long Term/ Short Term | BWR B- (Stable)/ A4 Issuer Not Cooperating* | BWR C+/ A4 Issuer Not Cooperating* (Downgraded)/ (Reaffirmed) |
| Total | 6.34 | 6.34 | INR Six Crores and Thirty Four Lakhs Only | | |

Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Issuer did not cooperate, based on best available information.

RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION

Brickwork Ratings downgrades the long term ratings and reaffirms the short term rating to BWR C+/A4; Issuer not Cooperating for the Bank Loan Facilities of Acme Yarns Pvt. Ltd. amounting to ₹ 6.34 Crores, based on the best available information as the company has not provided any information/papers.

Brickwork Ratings had assigned the initial rating in May, 2014, BWR B Outlook: Stable/A4. In March 2017, the company was categorised under “Rating not Reviewed”, on account of the required information not being provided. Subsequently on account of the required information not being provided, the company was moved to Issuer not Cooperating in October 2019 and was downgraded to BWR B- (Stable)/A4.

BWR took up with the company to provide required information for conducting a review of the ratings through emails and calls dated 7th, 8th and 13th October, 2020. Despite the best efforts of



BWR to get at least the minimum required information for a review, the company has not provided the same. BWR reached out to the banker dated 7th and 20th October, 2020, but received no response. Due to the continued lack of management cooperation and in the absence of adequate information from the Company, BWR is unable to assess the Company's ability to service its debt and maintain a valid rating. Hence, based on best available information, Brickwork Ratings has downgraded the long term ratings and reaffirmed the short term rating to BWR C+/A4; ISSUER NOT COOPERATING* category.

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.

KEY FINANCIAL INDICATORS (in ₹ Cr) [As Available with BWR]

| Key Parameters | Units | FY 13 | FY 12 |
|-------------------------------|-------|---------|---------|
| Result Type | | Audited | Audited |
| Operating Revenue | ₹ Cr | 17.39 | 13.23 |
| EBITDA | ₹ Cr | 1.10 | 1.16 |
| PAT | ₹ Cr | 0.40 | -0.21 |
| Tangible Net Worth | ₹ Cr | 1.19 | 0.60 |
| Total Debt/Tangible Net Worth | Times | 7.03 | 12.61 |
| Current Ratio | Times | 3.14 | 1.30 |

COMPANY PROFILE (Information as available in May, 2014)

Acme Yarns Pvt. Ltd. (AYPL), incorporated as a private limited company in the year 2010, is engaged in the manufacturing and trading of Cotton Yarns. AYPL has its registered office at Raipur, Ahmedabad and manufacturing unit at Changodhar, Ahmedabad, Gujarat.

AYPL is promoted by Acme group which consists of various business units under the name of Acme International Ltd (flagship company of the group, engaged in the business of Exports of Yarn), Acme Cotsyn Pvt. Ltd. (engaged in the manufacture of Denim Grey Cloth) and by Mr. Jitendrakumar Lalbhai & Mr. Nilesh Lalbhai. The promoters and the other group concerns are predominantly engaged into the business of Trading in Cotton, Trading in Grey Cloth, Trading in Yarn, Indenting for Cotton & Grey products (Export), Manufacture of Grey (Cotsyn), Master Manufacturing of Yarns using the facility of Mafatlal Industries Nadiad and Export of Yarns & Cloth. Acme Yarns Pvt. Ltd has been promoted to set up a yarn manufacturing facility as a part

of “Backward-Forward Integration” Strategy for the Acme Group. For this, the group has purchased from Supernova Exim Pvt. Ltd. its existing Facility in form of Land, Building and Plant & Machinery located at Changodhar. The said unit is spread across 9980 sq. mtrs and construction area of appx 1000 sq. mtrs. Currently the Plant & Machinery consist of 12500 spindles. This facility is capable of producing 160 Tonne per month of yarn at 92% utilization in 2 shifts. The key management personnel are Mr Jitendra Lalbhai, Mr Nilesh Lalbhai and Mr Rahul Jitendra Shah.

NON-COOPERATION WITH PREVIOUS RATING AGENCY: N/A

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

| Instrument / Facilities | Current Rating | | | Rating History For The Previous Three Years [including withdrawal and suspended] | | |
|-------------------------|--------------------------------|---------------|---|--|------|---------------------|
| | Tenure (Long Term/ Short Term) | Amount (₹ Cr) | Rating | 2019 | 2018 | 2017 |
| Fund Based Term Loan | Long Term | 2.59 | BWR C+ Issuer Not Cooperating* (Downgraded) | BWR B- Issuer Not Cooperating* (Stable) | - | Rating Not Reviewed |
| CC/OBDD (90 days) | Long Term/ Short Term | 3.75 | BWR C+/ A4 Issuer Not Cooperating* (Downgraded)/ (Reaffirmed) | BWR B- (Stable)/ A4 Issuer Not Cooperating* | - | Rating Not Reviewed |
| Total | | 6.34 | INR Six Crores and Thirty Four Lakhs Only | | | |

* Issuer did not cooperate. Based on best available information

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What constitutes Non Cooperation](#)

ANNEXURE I

Acme Yarns Pvt. Ltd.

Details of Bank Facilities rated by BWR

| Sl.No. | Name of the Bank | Type of Facilities | Type | Tenure | Total [₹ Cr] |
|--------------|-----------------------|----------------------------|------------|----------------------|--------------|
| 1) | Central Bank of India | Term Loan | Fund Based | Long Term | 2.59 |
| 2) | | Cash Credit/ODBD (90 days) | | Long Term/Short Term | 3.75 |
| TOTAL | | | | | 6.34 |

| Analytical Contacts | Investor and Media Relations |
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Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partners. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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