



Rating Rationale

Ahuja Cotspin Pvt. Ltd.

20 June 2019

Brickwork Ratings has revised the ratings assigned to the Bank Loan Facilities of Ahuja Cotspin Pvt. Ltd. The rating for the said Bank Loan Facilities is as under :

Particulars

Facility Rated	Previous Review Amount (Rs. Crs)	Current Review Amount (Rs. Crs)	Tenure	Previous Rating (May,2019)	Current Rating Assigned*
<u>Fund Based</u>	216.58	216.58	Long Term	Issuer did not Cooperate; Based on best available information BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook : stable) (Downgrade)	BWR D (Pronounced as BWR D) (Downgrade)
Total	216.58	216.58	INR Two Hundred Sixteen Crores and Fifty Eight Lakh Only		

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

Ratings Downgrade

The ratings assigned to the company, Ahuja Cotspin Pvt. Ltd. were due for review in March, 2019. We have been following up with the company by mail and over the telephone for obtaining the required information for review. However, despite our close follow up, we have not been provided with relevant information. Consequently Brickwork Ratings had moved the Rating to



Issuer Non Cooperation on 17 May,2019. Now It has been brought to the notice of Brickwork that the company is facing liquidity stress. As per banker mail dated 19/06/2019 it has been confirmed that there are delays in servicing of debt and account is classified in NPA category. Hence, on account of delay in payments and inadequate information Brickwork Ratings has downgraded the long term rating to BWR D .

Limitation of the rating:

Information availability risk is a key factor in the assessment of credit risk as generally, non-co-operation by the rating entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit ratings should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

About the Company (as per the information available in March,2018)

Ahuja Cotspin Private Limited (ACPL) was incorporated in 2010 at Ludhiana. It commenced its commercial operations in Aug 2011. The Company is engaged in manufacturing of cotton yarn on Ring Spinning System, knitted cloth & open end yarn on Rotors system. Prior to entering into manufacturing yarn the promoters of the company were doing trading business in cotton yarn. ACPL manufacturing facilities are located at Ludhiana- Village Bhattian & Village Lakhawal Kalan, Kohara Express Highway Machhiwara, Punjab. The company is having installed capacity of 28800 spindles (including 14400 spindles added in FY17 and commenced operations in September 2016), 2,880 rotors and with machines like Blow room, Comber, Draw frame, Speed frame, Ring frame, Auto corner & Yarn conditioning. The Company is promoted by Mr. Gulshan Kumar Ahuja, Mr. Ashok Ahuja & his son Mr. Vishal Ahuja who have three decades & five years of experience in current line of business.

Company's Financial (as per the financials available in March,2018)

Key Financial Figures			
Particulars	Unit	FY16 (A)	FY17 (A)
Operating Income	Rs. Crores	253.43	318.31
EBITDA	Rs. Crores	30.84	32.23
PAT	Rs. Crores	3.96	4.18
Tangible Net worth	Rs. Crores	65.80	89.93



Total Debt	Rs. Crores	142.84	177.35
Total Debt : Equity	Times	2.17	1.97

Rating History for the last three years (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (2019)			Rating History			
		Type	Amount (Rs Crs)	Rating	2019 (May)	2018	2017	2016
1.	Fund Based	Long Term	216.58	BWR D (Pronounced as BWR D) (Downgrade)	Issuer did not Cooperate; Based on best available information BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook : stable) (Downgrade)	BWR BBB+ (Pronounced as BWR Triple B Plus) (Outlook : stable)	BWR BBB (Pronounced as BWR Triple B) (Outlook : stable)	BWR BBB (Pronounced as BWR Triple B) (Outlook : stable)
	Total		216.58	INR Two Hundred Sixteen Crores and Fifty Eight Lakh Only				

Status of non-cooperation with previous CRA: Not Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



- [Default Recognition and Post Default Curing Period](#)

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. 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.

DISCLAIMER

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