

RATING RATIONALE

13 Oct 2020

Asha Cotton Industries

Brickwork Ratings Revises the ratings for the Bank Loan Facilities of ₹ 7.95 Crores of Asha Cotton Industries 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	7.95	7.95	Long Term	BWR B- Stable Downgraded Issuer Not Cooperating*	BWR C+ Downgraded Issuer Not Cooperating*
Total	7.95	7.95	INR Seven Crores and Ninety Five Lakhs Only		

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

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

Details of Bank facilities is provided in Annexure-I

RATING ACTION / NATURE OF NON-COOPERATION

The rating of the Bank Loan Facilities of the entity has been revised to BWR C+ on account of non-receipt of any papers/information for ascertaining the financial risk profile/performance of the firm. We have therefore continued the rating under the “Issuer Not Cooperating” category.

The rating was due for surveillance in October 2020. The firm was being regularly followed up for the surveillance, vide email dated 05.10.2020, 08.10.2020 and 12.10.2020 for obtaining the relevant and latest paper/ information for the review of the rating. The firm did not cooperate in undertaking the rating process in spite of following up several times. In the absence of adequate information from the entity and the bank, BWR is unable to assess the entity’s financial performance and its ability to service its debt and maintain a valid rating.

Hence, on account of inadequate information and lack of management cooperation, BWR recommends to continue the rating under Issuer Non Cooperating category and has revised the rating of the Bank Loan Facilities of the firm to BWR C+ (Issuer Not Cooperating).

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, non-cooperation by the rated 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 possible deterioration in the credit quality of the rated entity arising from its non-transparency withholding of information required for a review of the rating.

KEY FINANCIAL INDICATORS (in ₹ Cr) [AS AVAILABLE WITH BWR]

Key Parameters	Units	FY 15	FY 14
Result Type		Audited	Audited
Operating Income	₹ Cr	20.63	35.85
EBITDA	₹ Cr	0.61	0.98
PAT	₹ Cr	0.08	0.27
Tangible Net Worth	₹ Cr	4.08	3.95
Total Debt /TNW	Times	0.99	1.76
Current Ratio	Times	1.57	1.31

COMPANY PROFILE (Information as on March 2016)

Asha Cotton Industries (ACI) was established in 1998 as a partnership firm with Mr Pareshbhai Valia as a managing partner and Mr Jitendrabhai Valia, Dr. Bhikhabhai Valia, Mrs Rekhaben Valia and Mrs Kailashben Valia as partners. The firm is engaged in the ginning of raw cotton to produce cotton bales and crushing of cotton seeds to produce raw cotton seed oil in Mahuva, Gujarat, The firm sells its products under the brand name ASHA across India.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : Nil

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

Instrument / Facilities	Current Rating			Rating History		
	Tenure	Amount (₹ Cr)	Rating	Oct 2019	2018	2017
Fund Based Cash Credit	Long Term	4.95	BWR C+ Downgraded Issuer Not Cooperating*	BWR B- Stable Downgraded Issuer Not Co-operating*	-	-
DL against Warehouse receipt		3.00				
Total		7.95	INR Seven Crores and Ninety Five Lakhs Only			

*Issuer did not co-operate. Based on the best available information.

Note: The initial rating of BWR B (Stable) was assigned in March 2016 and the rating was moved to Rating Not Reviewed in July 2017.

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 Co-operation](#)

For any other criteria obtain [hyperlinks](#) from website

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ANNEXURE I

Asha Cotton Industries

Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1	State Bank of India	Cash Credit	4.95	-	4.95
2		DL against Warehouse Receipt	3.00	-	3.00
TOTAL					7.95

Total Seven Crores and Ninety Five Lakhs Only



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