



Rating Rationale

Vraj Cotspin Pvt. Ltd.

02 Dec 2020

Brickwork Ratings has reviewed the Rating for the Bank Loan facilities of ₹ 10.00 Crore of Vraj Cotspin Pvt. Ltd. based on the best available information, as the issuer did not cooperate. Accordingly, the rating for the said instrument is as under

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (December 2019)	Present
Fund Based	9.85	9.85	Long Term	BWR B- Issuer Not Cooperating	BWR C [Downgraded] Issuer Not Cooperating
Non-fund Based	0.15	0.15	Short Term	BWR A4 Issuer Not Cooperating	BWR A4 [Reaffirmed] Issuer Not Cooperating
Total	10.00	10.00	INR Ten Crores Only		

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

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

NATURE OF NON-COOPERATION

The company was initially rated by Bwr on 31 March 2015 and moved to rating not reviewed advisory on 18th March 2017. The Rating subsequently moved to Issuer Not Cooperating Category on 03rd Dec 2019. The rating was due for review in Dec 2020.

BWR has made regular follow up with the client, for getting relevant/latest/minimum required paper/information for review of the Rating. We tried to reach out to client over email and through phone calls. The company has not provided the required paper/information as required for the Rating process. We sought feedback from the banker, but have not received any response.

Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the issuer/Company, BWR is unable to assess the isNon-Fundompany's financial performance and its ability to service its debt and maintain a valid rating.

Based on these points, we recommend the rating to be Long Term rating Downgraded to BWR C (Stable) ISSUER NOT COOPERATING* and Short Term Rating Reaffirmed to BWR A4 ISSUER NOT COOPERATING* for the bank loan facilities of Rs 10.00 Cr.



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 the required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should, therefore, take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholdings of the information required for a review of the rating.

COMPANY PROFILE (Information as available in March 2015)

Vraj Cotspin Pvt. Ltd. ("VCPL" or "The Company") was incorporated as a private limited company on September 16, 2013, promoted by Mr. Bhavdipbhai K Aghera, Mr. Ankit A Bhalodiya, and their family members. The promoters of the Company have more than three decades of experience in the cotton commission business at Rajkot. In order to utilize their expertise in this field, they envisaged a project of setting up a new cotton ginning and pressing unit at Gondal, Rajkot. The project is coming up in a land area of 1-39-62 hectares in Umvada, Rajkot. They have set up manufacturing units for cotton bales and cotton seeds. The Company has installed 36 ginning machines with a production capacity of 25,344 metric tonnes per annum of cotton bales and cottonseed. The unit has completed its test run and expected to start commercial operations from April 2015 although with a delay of three months. The delay was due to the non-receipt of the machinery on time. VCPL will have cotton bales and cottonseed as its finished products. The contribution of revenues from cotton bales will constitute 75% of the total www.brickworkratings.com Page 2 of 5 revenues and 25% from sales of cotton seeds. The total project cost of Rs.10.21 Cr is funded by promoters' contribution of Rs.4.35 Cr and Term Loan of Rs.2.85 Cr. from State Bank of India. Of the balance Rs.3.01 Cr, the directors and other family members have brought in funds in the form of Unsecured loans to the tune of Rs.1.26 Cr. The Company has also been sanctioned Rs.7.15 Cr towards working capital facilities which shall be availed as per the requirement of the company.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: Not Applicable

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

S. No	Facility	Current Rating (2020)^			Rating History		
		Type	Amount (₹ Crs)	Rating	03 December 2019	2018	2017
1	Fund Based	Long Term	9.85	BWR C [Downgraded] Issuer Not Cooperating	BWR B- Issuer Not Cooperating	NA	NA
2	Non Fund Based	Short Term	0.15	BWR A4 [Reaffirmed] Issuer Not Cooperating	BWR A4 Issuer Not Cooperating	NA	NA
	Total		10.00	INR Ten Crores Only			

Initial Rating of BWR B/ BWR A4 was assigned on 31st March 2015.

COMPLEXITY LEVELS OF THE INSTRUMENTS

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

For any other criteria obtain hyperlinks from the website

- [General Criteria](#)
- [What constitutes Non- cooperation](#)

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