



Press Release
Salona Cotspin Limited
December 13, 2023

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	72.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Bank Loan Ratings	78.00	-	ACUITE A4+ Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	150.00	-	-

Rating Rationale

Acuite has downgraded its long-term rating from **Acuite BBB(read as Acuite t riple B)** to **Acuite BB+(read as Acuite double B plus)** and short-term rating from **A3+(read as Acuite A three plus)** to **Acuite A4+(read as Acuite A four plus)** on the Rs.150.00 Cr bank facilities of Salona Cotspin Limited (SCL).

The rating is now being flagged as **“Issuer Not Cooperating”** and downgraded on account of information risk.

About the Company

Salona Cotspin Limited (SCL), based in Coimbatore, was incorporated in 1996. The company is led by Mr. Shyamlal Agarwala (Managing Director) and Mr. Manoj Kumar Jhajharia (Joint Managing Director). SCL is engaged in the manufacturing and selling of cotton yarn, knitted fabrics and garments at Erode (Tamil Nadu). The company caters to both domestic and international markets. The company has installed capacity of 24,336 spindles and also owns windmills and solar plant for captive power generation and consumption, at various location in Tamil Nadu.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as “Issuer not-cooperating”, in line with prevailing SEBI regulations and Acuite’s policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon."

All Covenants

Not Applicable

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon".

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	486.91	639.03
PAT	Rs. Cr.	17.57	19.79
PAT Margin	(%)	3.61	3.10
Total Debt/Tangible Net Worth	Times	2.12	2.42
PBDIT/Interest	Times	3.74	5.07

Status of non-cooperation with previous CRA

Not Applicable

Any other information

Acuite is yet to receive the latest No Default Statement from the rated entity despite repeated requests and followups.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité 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
19 Oct 2022	Working Capital Term Loan	Long Term	3.77	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	4.03	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.79	ACUITE BBB Stable (Reaffirmed)
	Bills Discounting	Short Term	12.00	ACUITE A3+ (Reaffirmed)
	Bills Discounting	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	Working Capital Term Loan	Long Term	0.91	ACUITE BBB Stable (Reaffirmed)
	Bills Discounting	Short Term	3.00	ACUITE A3+ (Reaffirmed)
	Working Capital Term Loan	Long Term	0.23	ACUITE BBB Stable (Reaffirmed)
	Bills Discounting	Short Term	50.00	ACUITE A3+ (Reaffirmed)
	Secured Overdraft	Long Term	7.50	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	2.76	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	4.20	ACUITE BBB Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	3.43	ACUITE BBB Stable (Reaffirmed)
	Proposed Bank Facility	Short Term	8.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	3.56	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.73	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.59	ACUITE BBB Stable (Reaffirmed)
	Bills Discounting	Short Term	12.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Term Loan	Long Term	5.73	ACUITE BBB Stable (Upgraded from ACUITE BBB- Negative)
	Cash Credit	Long Term	20.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Negative)
	Warehouse Receipt Financing	Long Term	6.00	ACUITE BBB (Withdrawn)
	Packing Credit	Short Term	8.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Working Capital Term Loan	Long Term	0.59	ACUITE BBB Stable (Assigned)
		Long		ACUITE BBB Stable (Upgraded from

22 Jul 2021	Cash Credit	Term	14.00	ACUITE BBB- Negative)
	Bills Discounting	Short Term	5.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Secured Overdraft	Long Term	7.50	ACUITE BBB Stable (Upgraded from ACUITE BBB- Negative)
	Term Loan	Long Term	4.20	ACUITE BBB Stable (Upgraded from ACUITE BBB- Negative)
	Working Capital Term Loan	Long Term	0.23	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	0.91	ACUITE BBB Stable (Assigned)
	Bills Discounting	Short Term	50.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Working Capital Term Loan	Long Term	0.79	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	2.76	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	3.77	ACUITE BBB Stable (Assigned)
	Bills Discounting	Short Term	3.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	3.56	ACUITE BBB Stable (Upgraded from ACUITE BBB- Negative)
	Proposed Bank Facility	Long Term	3.43	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	4.03	ACUITE BBB Stable (Upgraded from ACUITE BBB- Negative)
	Cash Credit	Long Term	0.50	ACUITE BBB Stable (Upgraded from ACUITE BBB- Negative)
23 Apr 2020	Bills Discounting	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Warehouse Receipt Financing	Long Term	6.00	ACUITE BBB- Negative (Reaffirmed)
	Packing Credit	Short Term	8.00	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	1.06	ACUITE BBB- Negative (Reaffirmed)
	Secured Overdraft	Long Term	7.50	ACUITE BBB- Negative (Reaffirmed)
	Cash Credit	Long Term	3.56	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	10.60	ACUITE BBB- Negative (Reaffirmed)
	Cash Credit	Long Term	9.10	ACUITE BBB- Negative (Reaffirmed)
	Bills Discounting	Short Term	5.00	ACUITE A3 (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	50.00	ACUITE A4+ Downgraded Issuer not co-operating*
CSB Bank Limited	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A4+ Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE A4+ Downgraded Issuer not co-operating*
Union Bank of India	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE A4+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE BB+ Downgraded Issuer not co-operating*
CSB Bank Limited	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	0.50	ACUITE BB+ Downgraded Issuer not co-operating*
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	14.00	ACUITE BB+ Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	3.56	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	3.43	ACUITE BB+ Downgraded Issuer not co-

								operating*
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE A4+ Downgraded Issuer not co-operating*
CSB Bank Limited	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	7.50	ACUITE BB+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Term Loan	16 Jun 2021	7.95	15 Mar 2023	Simple	4.03	ACUITE BB+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Term Loan	16 Jun 2021	7.95	15 Mar 2027	Simple	5.73	ACUITE BB+ Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Term Loan	30 Dec 2020	8.1	31 Dec 2031	Simple	4.20	ACUITE BB+ Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Working Capital Term Loan	30 Mar 2020	7.4	11 Aug 2021	Simple	0.23	ACUITE BB+ Downgraded Issuer not co-operating*
State Bank of India	Not Applicable	Working Capital Term Loan	12 Aug 2020	7.4	11 Jul 2024	Simple	0.79	ACUITE BB+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Working Capital Term Loan	16 Jun 2021	7.5	15 Jun 2022	Simple	0.59	ACUITE BB+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Working Capital Term Loan	16 Jun 2021	7.50	15 Jun 2024	Simple	2.76	ACUITE BB+ Downgraded Issuer not co-operating*
								ACUITE BB+

Union Bank of India	Not Applicable	Working Capital Term Loan	12 Nov 2020	8	11 Apr 2022	Simple	0.91	Downgraded Issuer not co-operating*
Union Bank of India	Not Applicable	Working Capital Term Loan	12 Nov 2020	7.5	11 Oct 2024	Simple	3.77	ACUITE BB+ Downgraded Issuer not co-operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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