

**Press Release**  
**Salona Cotspin Limited**  
**June 07, 2024**



**Rating Downgraded and Issuer not co-operating**

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

**Rating Rationale**

Acuité has downgraded the long-term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) and short-term rating to '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A4+**' (read as **ACUITE A Four plus**) on the Rs.150.00 Cr. bank facilities of Salona Cotspin Limited (SCL). The rating continues to be flagged as "Issuer Not Cooperating" and is based on the best available information. The downgrade is based on delays being reflected in the Credit Information Bureau Report.

**About the Company**

Salona Cotspin Limited (SCL), based in Coimbatore, was incorporated in 1996. The company is led by Mr. Shyamal 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

**Unsupported Rating**

Not Applicable

**Non-cooperation by the issuer/borrower:**

Acuité 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. Acuité believes that information risk is a critical component in such ratings, and non co-operation 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 Acuité'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). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

**Rating Sensitivity**

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

**Liquidity Position**

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

**Outlook**

Not Applicable

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	722.26	486.91
PAT	Rs. Cr.	6.13	17.57
PAT Margin	(%)	0.85	3.61
Total Debt/Tangible Net Worth	Times	3.22	2.12
PBDIT/Interest	Times	2.00	3.74

### Status of non-cooperation with previous CRA

Not Applicable

### Any other information

None

### Applicable Criteria

- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite 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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Dec 2023	Bills Discounting	Short Term	50.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Bills Discounting	Short Term	5.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Bills Discounting	Short Term	12.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Bills Discounting	Short Term	3.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Cash Credit	Long Term	3.56	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Cash Credit	Long Term	20.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Cash Credit	Long Term	0.50	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Cash Credit	Long Term	14.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Proposed Long Term Bank Facility	Long Term	3.43	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Proposed Short Term Bank Facility	Short Term	8.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Secured Overdraft	Long Term	7.50	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Term Loan	Long Term	4.03	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Term Loan	Long Term	4.20	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Term Loan	Long Term	5.73	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Working Capital Term Loan	Long Term	0.23	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Working Capital Term Loan	Long Term	0.79	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Working Capital Term Loan	Long Term	0.91	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Working Capital Term Loan	Long Term	3.77	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Working Capital Term Loan	Long Term	2.76	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Working Capital Term Loan	Long Term	0.59	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Bills Discounting	Short Term	50.00	ACUITE A3+ (Reaffirmed)
	Bills Discounting	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	Bills Discounting	Short Term	12.00	ACUITE A3+ (Reaffirmed)
	Bills Discounting	Short Term	3.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	0.50	ACUITE BBB   Stable (Reaffirmed)
		Long		

19 Oct 2022	Cash Credit	Term	14.00	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	3.56	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.43	ACUITE BBB   Stable (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	8.00	ACUITE A3+ (Reaffirmed)
	Secured Overdraft	Long Term	7.50	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	5.73	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	4.03	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	4.20	ACUITE BBB   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.23	ACUITE BBB   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.79	ACUITE BBB   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	2.76	ACUITE BBB   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.59	ACUITE BBB   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.91	ACUITE BBB   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	3.77	ACUITE BBB   Stable (Reaffirmed)
22 Jul 2021	Bills Discounting	Short Term	5.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bills Discounting	Short Term	50.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bills Discounting	Short Term	3.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bills Discounting	Short Term	12.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	0.50	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Negative)
	Cash Credit	Long Term	20.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Negative)
	Cash Credit	Long Term	3.56	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Negative)
	Cash Credit	Long Term	14.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Negative)
	PC/PCFC	Short Term	8.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Proposed Long Term Bank Facility	Long Term	3.43	ACUITE BBB   Stable (Assigned)
	Secured Overdraft	Long Term	7.50	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	5.73	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	4.03	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Negative)
	Term Loan	Long Term	4.20	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Negative)
Warehouse Receipt Financing	Long Term	6.00	ACUITE BBB (Upgraded & Withdrawn)	

Working Capital Term Loan	Long Term	0.59	ACUITE BBB   Stable (Assigned)
Working Capital Term Loan	Long Term	2.76	ACUITE BBB   Stable (Assigned)
Working Capital Term Loan	Long Term	0.79	ACUITE BBB   Stable (Assigned)
Working Capital Term Loan	Long Term	0.23	ACUITE BBB   Stable (Assigned)
Working Capital Term Loan	Long Term	3.77	ACUITE BBB   Stable (Assigned)
Working Capital Term Loan	Long Term	0.91	ACUITE BBB   Stable (Assigned)

## 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 avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A4   Downgraded   Issuer not co-operating* ( from ACUITE A4+ )
CSB Bank Limited	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A4   Downgraded   Issuer not co-operating* ( from ACUITE A4+ )
State Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE A4   Downgraded   Issuer not co-operating* ( from ACUITE A4+ )
Union Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.00	ACUITE A4   Downgraded   Issuer not co-operating* ( from ACUITE A4+ )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB+ )
CSB Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.50	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB+ )
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.00	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB+ )
State Bank of India	Not avl. / Not	Cash Credit	Not avl. / Not appl.	Not avl. / Not	Not avl. / Not	Simple	3.56	ACUITE C   Downgraded   Issuer not co-



	appl.			appl.	appl.			operating* (from ACUITE BB+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.43	ACUITE C   Downgraded   Issuer not co-operating* (from ACUITE BB+)
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE A4   Downgraded   Issuer not co-operating* (from ACUITE A4+)
CSB Bank Limited	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.50	ACUITE C   Downgraded   Issuer not co-operating* (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	16 Jun 2021	Not avl. / Not appl.	15 Mar 2023	Simple	4.03	ACUITE C   Downgraded   Issuer not co-operating* (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	16 Jun 2021	Not avl. / Not appl.	15 Mar 2027	Simple	5.73	ACUITE C   Downgraded   Issuer not co-operating* (from ACUITE BB+)
State Bank of India	Not avl. / Not appl.	Term Loan	30 Dec 2020	Not avl. / Not appl.	31 Dec 2031	Simple	4.20	ACUITE C   Downgraded   Issuer not co-operating* (from ACUITE BB+)
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	30 Mar 2020	Not avl. / Not appl.	11 Aug 2021	Simple	0.23	ACUITE C   Downgraded   Issuer not co-operating* (from ACUITE BB+)
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	12 Aug 2020	Not avl. / Not appl.	11 Jul 2024	Simple	0.79	ACUITE C   Downgraded   Issuer not co-operating* (

								from ACUITE
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	16 Jun 2021	Not avl. / Not appl.	15 Jun 2022	Simple	0.59	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB+ )
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	16 Jun 2021	Not avl. / Not appl.	15 Jun 2024	Simple	2.76	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB+ )
Union Bank of India	Not avl. / Not appl.	Working Capital Term Loan	12 Nov 2020	Not avl. / Not appl.	11 Apr 2022	Simple	0.91	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB+ )
Union Bank of India	Not avl. / Not appl.	Working Capital Term Loan	12 Nov 2020	Not avl. / Not appl.	11 Oct 2024	Simple	3.77	ACUITE C   Downgraded   Issuer not co-operating* ( from ACUITE BB+ )

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>	Varsha Bist Associate Vice President-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Pradeep Singh Manager-Rating Operations Tel: 022-49294065 <a href="mailto:pradeep.singh@acuite.in">pradeep.singh@acuite.in</a>	

### 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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