

Press Release

Premier Cotspin Limited

January 08, 2019

Rating Withdrawn



| | |
|---------------------------------|---------------------------------|
| Total Instruments Rated* | Rs. 8.70 Cr. |
| Long Term Rating | ACUITE B+/Stable (Withdrawn) |

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) to the Rs. 8.70 crore bank facilities of Premier Cotspin Limited (PCL). The rating withdrawal is in accordance with the Acuite's 'policy on withdrawal of rating'.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

PCL was established in 2008 by Mr. Virender Garg. The company is engaged in the spinning of cotton yarn and has installed capacity of 14 MT/day. The manufacturing facility is located at Patiala (Punjab).

Analytical Approach

Acuite has considered the standalone financial and business risk profiles of PCL.

About the Rated Entity Financials

| | Unit | FY18 (Actual) | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 41.57 | 35.95 | 33.69 |
| EBITDA | Rs. Cr. | 2.08 | 2.49 | 2.57 |
| PAT | Rs. Cr. | 0.68 | 0.48 | 0.19 |
| EBITDA Margin | (%) | 5.01 | 6.91 | 7.63 |
| PAT Margin | (%) | 1.64 | 1.35 | 0.56 |
| ROCE | (%) | 6.27 | 5.96 | 5.09 |
| Total Debt/Tangible Net Worth | Times | 0.87 | 1.11 | 1.58 |
| PBDIT/Interest | Times | 5.17 | 4.67 | 3.56 |
| Total Debt/PBDIT | Times | 3.71 | 3.68 | 4.79 |
| Gross Current Assets (Days) | Days | 114 | 125 | 150 |

Status of non-cooperation with previous CRA (if applicable):

CARE, vide its press release dated January 03, 2018 had denoted the rating of Premier Cotspin Limited as 'CARE B/Stable; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings.

Any other information

None

Applicable Criteria

- Manufacturing entities-<https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition:<https://www.acuite.in/view-rating-criteria-17.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

| Date | Name of Instrument /Facilities | Term | Amount (Rs. Crore) | Ratings/Outlook |
|-------------|--------------------------------|-----------|--------------------|------------------------------|
| 24-Nov-2017 | Term Loan | Long Term | 2.75 | ACUITE B+ /Stable (Assigned) |
| | Cash Credit | Long Term | 5.50 | ACUITE B+ /Stable (Assigned) |
| | Proposed Long Term Loan | Long Term | 0.45 | ACUITE B+ /Stable (Assigned) |

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|-------------------------|------------------|----------------|----------------|-------------------------------|------------------------------|
| Term Loan | Not Applicable | Not Applicable | Not Applicable | 2.75 | ACUITE B+/Stable (Withdrawn) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 5.50 | ACUITE B+/Stable (Withdrawn) |
| Proposed Long Term Loan | Not Applicable | Not Applicable | Not Applicable | 0.45 | ACUITE B+/Stable (Withdrawn) |

Contacts

| Analytical | Rating Desk |
|--|---|
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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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