



Press Release

Pratham Cotspin Private Limited

October 15, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 9.25 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) to the Rs. 9.25 crore bank facilities of PRATHAM COTSPIN PRIVATE LIMITED (PCPL). The outlook is '**Stable**'.

PCPL was established in 2017, by Mr. Vilas Agrawal and Mr. Vaibhav Jain, for manufacture of cotton yarn. The commercial operations are expected to start in October 2018.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Pratham Cotspin Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

Mr. Vilas Agrawal (Director) has experience of more than two decades in the textile industry and Mr. Vaibhav Jain (Director) is a third generation entrepreneur, having experience of more than fifteen years in Cotton Ginning through a firm named 'Mahaveer Ginning'. Acuite believes that PCPL will be able to sustain its leverage on the promoters' long standing experience and established relationships in the industry.

- **Low funding risk**

The total project cost is ~ Rs.11.10 crore out of which Rs.~4.05 crore has been incurred as on August 2018. The project is expected to be funded partly through term loan from bank of Rs.6.25 crore, which has already been sanctioned, Rs.2.45 crore through equity share capital and Rs.2.40 crore through unsecured loans from promoters. The funding risk is, thus, moderated.

Weaknesses

- **Project execution risk**

PCPL is setting up a manufacturing unit at Bhikangaon (Madhya Pradesh) to manufacture cotton yarn. The commercial date of production is expected in the month of October 2018. Any significant delays in implementation of the project or achieving the commercial operations will impact the debt protection indicators. Acuite believes that timely completion of the project is critical to the credit profile of PCPL.

Outlook: Stable

Acuite believes that PCPL will maintain a 'Stable' outlook over the near to medium term on the back of experienced management and established network in the industry. The outlook may be revised to 'Positive' if PCPL commissions the project in time and exhibits higher than expected flow of orders. Conversely, the outlook may be revised to 'Negative' if there are any delays in commissioning of the project.

About the Rated Entity - Key Financials

Not Applicable as the commercial operation is expected to start in October 2018.

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	6.25	ACUITE B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B / Stable

Contacts

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About Acuité Ratings & Research:

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