

**Press Release**  
**Axita Cotton Limited**  
**November 17, 2021**

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

Product	Net Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
<b>Bank Loan Ratings</b>	17.00	ACUITE BB   Downgraded   Issuer not co-operating*	-
<b>Total</b>	17.00	-	-

**Rating Rationale**

Acuite has downgraded the long-term rating to '**ACUITE BB**' (read as **ACUITE double B**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs.17.00 Cr. bank facilities of Axita Cotton Limited (ACL). The rating is being flagged as an 'Issuer Not-Cooperating' based on the best available information.

**About the Entity**

Gujarat-based, Axita Cotton Limited (ACL) was incorporated in 2013 as a private limited company and got listed in January 2019. The company is listed on Bombay Stock Exchange (BSE). Mr. Nitinbhai Govindbhai Patel, Mr. Amitkumar Govindbhai Patel, Mr. Kushalbhai Nitinbhai Patel are the current directors of the company. ACL is engaged in the ginning and spinning of organic cotton seeds and cotton bales. The manufacturing capacity of the plant is 300 MT per month. Further, ACL has tie-ups with various renowned labels such as Primark, Trident, Welspun, Vardhman to name a few.

**About the Group**

Gujarat-based, Axita Group (AG) comprises Axita Cotton Limited (ACL), Axita Exports Private Limited (AEPL) and Aditya Oil Industries (AOI). The group is engaged in the ginning and pressing of cotton and has over 48 double roller ginning machines. The total manufacturing capacity of cotton seeds and cotton bales is 400MT per month. The promoters of the group are Mr. Nitinbhai Govindbhai Patel (Chairman and Managing Director), Mr. Amitkumar Govindbhai Patel (Whole time Director) and Mr. Kushalbhai Nitinbhai Patel (Director).

**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 non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

**Applicable Criteria**

- Default Recognition – <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments – <https://www.acuite.in/view-rating-criteria-53.htm>
- Manufacturing Sector Entities – <https://www.acuite.in/view-rating-criteria-59.htm>

**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 has endeavored 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.

**Liquidity Position**

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

**Outlook**

Not Applicable

**Rating Sensitivities**

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

**Material Covenants**

None

**Key Financial**

The rated entity has not shared the latest financial statements despite repeated requests.

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

Not Applicable

**Any other information**

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Dec 2019	Cash Credit	Long Term	15	ACUITE BB+   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	2	ACUITE BB+   Stable (Reaffirmed)
03 Dec 2019	Cash Credit	Long Term	15	ACUITE BB+   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	2	ACUITE BB+   Stable (Reaffirmed)
13 Nov 2019	Proposed Bank Facility	Short Term	2	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	15	ACUITE BB+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Size Of Issue	Rating
Punjab National Bank	Cash Credit	Not Applicable		Not Applicable	15.00	ACUITE BB   Not Applicable   Downgraded   Indicative
Proposed Bank Facility	Proposed Long Term Bank Facility	Not Applicable		Not Applicable	2.00	ACUITE BB   Not Applicable   Downgraded   Indicative

## Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>  Aditya Sahu Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:aditya.sahu@acuite.in">aditya.sahu@acuite.in</a>	Varsha Bist Senior Manager –Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

## About Acuité Ratings & Research

Acuité Ratings & Research 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 8,850 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 Kanjurmarg, Mumbai.

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