

Press Release

Axita Cotton Limited

October 11, 2022



Rating Reaffirmed & Withdrawn and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.00	ACUITE BB Reaffirmed & Withdrawn Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	17.00	-	-

Rating Rationale

Acuite has reaffirmed & withdrawn the long-term rating of 'ACUITE BB' (read as ACUITE double B) on the Rs.17.00 Cr. bank facilities of Axita Cotton Limited (ACL). The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating. The rating is flagged as "Issuer NotCooperating". The rating is being withdrawn on account of request received from the company and NOC received from the banker.

About the Company

Gujarat-based Axita Cotton Limited (ACL) was incorporated on 16 July 2013 as a private limited company and is engaged in the production and trading of cotton seeds and cotton bales. The company is involved in the ginning and pressing of cotton and has over 48 double roller ginning machines. The manufacturing capacity of cotton seeds is 300MT per month. The company came out with an IPO in January 2019 and was listed on BSE under SME category in the same month. 17,52,000 shares were issued in the IPO with the face value of Rs. 10 per share and a premium of Rs. 50 per share. The IPO was subscribed nearly 2 times. ACL has tie ups with various renowned labels such as Primark, Trident, Vardhman, Welspun to name a few. The promoters of the company are Mr. Nitinbhai Govindbhai Patel (Managing Director), Mr. Amitkumar Govindbhai Patel (Director) and Mr. Kushalbhai Nitinbhai Patel (Director).

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 noncooperation by the issuer along with an 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 ratings is based.

About the Rated Entity - Key Financials

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

Rating Sensitivity

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

Material Covenants

None

Liquidity Position

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

Outlook

Not Applicable

Other Factors affecting Rating

None

Status of non-cooperation with previous CRA

None

Any other information

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

Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
17 Nov 2021	Cash Credit	Long Term	15.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	2.00	ACUITE BB (Downgraded and Issuer not co-operating*)
13 Dec 2019	Proposed Bank Facility	Long Term	2.00	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BB+ Stable (Reaffirmed)

03 Dec 2019	Cash Credit	Long Term	15.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	2.00	ACUITE BB+ Stable (Reaffirmed)
13 Nov 2019	Proposed Bank Facility	Long Term	2.00	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	15.00	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BB Reaffirmed & Withdrawn Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE BB Reaffirmed & Withdrawn Issuer not co-operating*

Contacts

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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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