## Press Release

**June 07, 2024**

# SALONA COTSPIN LIMITED
## 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* |
| **Total Outstanding** | 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. Shyamlal 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, Acuité 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