

Akshar Spintex Limited

August 08, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	16.92	CARE D	Revised from CARE BB; Stable
Short Term Bank Facilities	1.35	CARE D	Revised from CARE A4

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in the rating assigned to the facilities of Akshar Spintex Limited (ASL), takes into account instances of the delays in servicing debt obligations on account of poor liquidity position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factor

- Establishing a delay free track record in debt servicing along with improvement in liquidity.

Analytical approach: Standalone

Detailed description of the key rating drivers:

Key weaknesses

Delays in debt servicing

As per the bank statements received, there have been multiple instances of delays in debt servicing in the term loan account.

Liquidity: Poor

ASL has poor liquidity as marked by almost full fund-based working capital utilisation and low cash and bank balance resulting in delay in the debt servicing. Average and maximum utilization of fund-based limits remained 96% and 100% respectively during past 12 months ended June 2024.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Jamnagar, Gujarat based, Akshar Spintex Limited (ASL) was incorporated as a private limited company in June 2013 by Mr. Amit Gadhiya and Mr. Ashok Bhalala. Then in December 2017, the company converted into a public limited company and got listed on BSE in the same year. ASL manufactures carded, combed and compact cotton yarn of finer quality ranging between 16s to 44s counts having 24,480 spindles with an installed capacity of 6,000 Metric Tons Per Annum (MTPA) as on March 31, 2024, and operates from its sole manufacturing facility located at Haripar, Jamnagar, Gujarat.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	June 30, 2024 (UA)
Total operating income	135.53	174.96	37.02
PBILDT	-0.45	7.75	2.59
PAT	-2.76	3.46	0.63
Overall gearing (times)	0.43	0.43	NA
Interest coverage (times)	-0.24	5.70	7.19

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available' NA: Not available

Status of non-cooperation with previous CRA: India Ratings has reviewed the ratings of ASL under 'Issuer Not Cooperating' category vide press release dated December 27, 2023, on account of its inability to carry out a review in the absence of the requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	7.50	CARE D
Fund-based - LT-Term Loan	-	-	-	August 2028	5.00	CARE D
Fund-based - LT-Working Capital Demand loan	-	-	-	-	4.42	CARE D
Non-fund-based - ST-Bank Guarantee	-	-	-	-	1.35	CARE D

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	7.50	CARE D	-	1)CARE BB; Stable (09-Oct-23)	1)CARE BB; Stable (23-Nov-22) 2)CARE BB+; Stable (30-Aug-22)	1)CARE BB+; Stable (16-Aug-21)
2	Non-fund-based - ST-Bank Guarantee	ST	1.35	CARE D	-	1)CARE A4 (09-Oct-23)	1)CARE A4 (23-Nov-22)	1)CARE A4 (16-Aug-21)

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							2)CARE A4 (30-Aug-22)	
3	Fund-based - LT-Term Loan	LT	5.00	CARE D	-	1)CARE BB; Stable (09-Oct-23)	1)CARE BB; Stable (23-Nov-22) 2)CARE BB+; Stable (30-Aug-22)	1)CARE BB+; Stable (16-Aug-21)
4	Fund-based - LT-Working Capital Demand loan	LT	4.42	CARE D	-	1)CARE BB; Stable (09-Oct-23)	1)CARE BB; Stable (23-Nov-22) 2)CARE BB+; Stable (30-Aug-22)	1)CARE BB+; Stable (16-Aug-21)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Demand loan	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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