

Bhilwara Spinners Limited

October 29, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	70.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	1.90	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Bhilwara Spinner Limited (BSL) to monitor the rating(s) vide e-mail communications September 12, 2024, September 17, 2024 and October 07, 2024, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, BSL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on BSL's bank facilities will now be denoted as **CARE B+/CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of BSL have been revised considering non-availability of adequate information for carrying out the review of the ratings. The ratings continue to remain constrained by implementation and stabilisation risk associated with on-going debt-funded capex, vulnerability of margins to volatility in raw material prices, and presence in competitive and cyclical textile industry. Ratings, however, favourably factor in experience of promoters in similar line of business along with location advantage owing to site being set-up in textile manufacturing belt of Rajasthan.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on January 16, 2024, the following were the rating strengths and weaknesses (updated for the information available from stock exchange, other publicly available sources)

Key weaknesses

Implementation and stabilization risk associated with on-going debt-funded capex

BSL is implementing a greenfield project to set up manufacturing unit of finished cotton denim fabric at Bhilwara. The company has proposed to install 60 Airjet Weaving Looms with an installed capacity of ~16500 meters per day of grey fabric and 2 Dying lines with an installed capacity of processing ~53600 meters of grey fabric per day. For the balance ~37100 meters per day of grey fabric production, the company has proposed to supply dyed cotton yarn for weaving on job work basis and process it further to manufacture finished cotton denim fabric in-house. The total project cost is being funded through term loan and promoter's contribution (including net worth of existing business) in the ratio of 63:37. Till December 2023, around 53% of the cost was incurred, with majority of the balance being machinery cost.

As per the last review, the scheduled date of commencement for the operations (earlier January 1, 2024) was revised to March 1, 2024 for weaving operations and September 1, 2024 for dyeing operations on account of a delay in procuring machinery. Present status of the same is not available.

Vulnerability of margins to volatility in raw material prices and presence in competitive industry

Cotton yarn and Dyes & Chemicals are the primary raw materials required for the manufacturing of denim fabric, the prices of which remain volatile. Furthermore, the competitive nature of the industry limits the pricing power of the players. As a result, profit margins are exposed to any adverse movement in the raw material prices.

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

Key strengths

Experienced promoters in the textile industry

The key promoters of BSL have a long-standing experience of over two decades in the business of textiles including manufacturing, marketing, and trading of various textile products.

Ashok Kumar Kothari is the CEO of BSL, with more than 20 years of experience in the textile industry. He looks after the routine affairs of the company with regards to production, purchase, and other operations. His son, Anshul Kothari, has more than 10 years of experience in the textile industry, and handles the marketing and financing activities of the company. Susheela Kothari, who has been appointed to look after the general management of the company, also has over 20 years of experience in the textile industry.

Location advantage owing to site being set-up in textile manufacturing belt of Rajasthan

BSL's denim manufacturing facility is being set up at Bhilwara, Rajasthan. Also known as the Textile City of India, Bhilwara has more than 850 manufacturing units presently. The city has emerged as India's largest manufacturer of fabrics, with the main textile product being synthetic fabric. Further, Rajasthan State Industrial Development and Investment Corporation (RIICO) has played a catalytic role in the industrial development of Rajasthan.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Short Term Instruments](#)

[Project stage companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Bhilwara Spinners Limited (BSL) is a listed company established in June 1980. The company was initially promoted by LNJ group and was engaged in export of textile products for a period of 20 years. In the year 2010, the management of the company was taken over by Kothari family (BD group). Since then, the company is being promoted by Ashok Kumar Kothari, Anshul Kothari, and Susheela Devi Kothari, and is engaged in trading of textiles. Currently, BSL is setting up a plant to manufacture finished cotton denim fabric at Bhilwara.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1FY25 (UA)
Total operating income	0.97	9.40	12.09
PBILDT	-0.31	0.56	1.44
PAT	2.61	1.73	1.66
Overall gearing (times)	0.00	1.21	NA
Interest coverage (times)	-29.15	5.58	2.37

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Non-fund-based - ST-Credit Exposure Limit		-	-	-	1.90	CARE A4; ISSUER NOT COOPERATING*
Term Loan-Long Term		-	-	December 2031	70.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for 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	Term Loan-Long Term	LT	70.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (16-Jan-24)	-	-
2	Non-fund-based - ST-Credit Exposure Limit	ST	1.90	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (16-Jan-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term;

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based - ST-Credit Exposure Limit	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender details

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

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

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 914428501001 E-mail: pradeep.kumar@careedge.in</p>	<p>Analytical Contacts</p> <p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in</p> <p>Nikita Goyal Associate Director CARE Ratings Limited Phone: 079-4026 5617 E-mail: nikita.goyal@careedge.in</p> <p>Devangi Shah Lead Analyst CARE Ratings Limited E-mail: Devangi.shah@careedge.in</p>
---	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For detailed Rationale Report and subscription information, please visit www.careedge.in