

## Deepak Cosmo Limited

May 31, 2022

### Ratings

| Facilities/Instruments       | Amount<br>(Rs. crore)                              | Rating <sup>1</sup>  | Rating Action  |
|------------------------------|--|--|--|
| Long Term Bank Facilities    | 20.00  | CARE B; Stable;<br>ISSUER NOT COOPERATING*<br>(Single B; Outlook: Stable<br>ISSUER NOT COOPERATING*) | Rating continues to remain under<br>ISSUER NOT COOPERATING category<br>and Revised from CARE B+; Stable;<br>(Single B Plus; Outlook: Stable) |
| <b>Total Bank Facilities</b> | <b>20.00</b><br><b>(Rs. Twenty<br/>Crore Only)</b> |  |  |

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated March 16, 2021, placed the rating(s) of Deepak Cosmo Limited (DCL) under the 'issuer non-cooperating' category as DCL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. DCL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated January 30, 2022, February 09, 2022, February 19, 2022.

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.

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

### Detailed description of the key rating drivers

Please refer to PR dated [March 16, 2021](#)

The ratings have been revised on account of non-availability of requisite information. The revision also considers a significant decline in scale of operations and net loss reported in FY21.

**Analytical approach:** Standalone

### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Criteria on assigning outlook and credit watch](#)

### About the Company

Incorporated in 1981, DCL is engaged in the manufacturing and trading of various types of synthetic yarns since 1995 when it acquired a spinning unit in Nalagarh, Himachal Pradesh. The company manufactures various types of synthetic yarns like acrylic, polyester, nylon, blended etc. as well as knitted cloth.

| Brief Financials (Rs. crore) | FY20 (A) | FY21 (A) | FY22 (Prov.) |
|------------------------------|----------|----------|--------------|
| Total operating income       | 131.79   | 69.87    | NA           |
| PBILDT                       | 4.97     | 2.72     | NA           |
| PAT                          | 0.06     | -1.45    | NA           |
| Overall gearing (times)      | 2.40     | 2.65     | NA           |
| Interest coverage (times)    | 1.40     | 0.69     | NA           |

A: Audited, Prov.: Provisional, NA – Not available

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and in other CARE publications

\*Issuer did not cooperate; Based on best available information.

**Status of non-cooperation with previous CRA:** CRISIL has retained its ratings assigned to the bank facilities of DCL vide press release dated March 09, 2022 on account of its inability to carry out a rating surveillance in the absence of the requisite information from the firm.

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument/facility:** Please refer Annexure-3

**Complexity level of various instruments rated for this company:** Please refer Annexure-4

#### Annexure-1: Details of Instruments / Facilities

| Name of the Instrument                 | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--|------|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Working Capital Limits |      | -                | -           | -             | 20.00                         | CARE B; Stable; ISSUER NOT COOPERATING*   |

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

#### Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                                |   | Rating history                            |   |  |  |
|---------|--|-----------------|--------------------------------|---|---|---|--|--|
|         |  | Type            | Amount Outstanding (Rs. crore) | Rating                                  | Date(s) & Rating(s) assigned in 2022-2023 | Date(s) & Rating(s) assigned in 2021-2022 | Date(s) & Rating(s) assigned in 2020-2021              | Date(s) & Rating(s) assigned in 2019-2020              |
| 1       | Fund-based - LT-Working Capital Limits | LT              | 20.00                          | CARE B; Stable; ISSUER NOT COOPERATING* | -   | -   | 1)CARE B+; Stable; ISSUER NOT COOPERATING* (16-Mar-21) | 1)CARE BB; Stable; ISSUER NOT COOPERATING* (17-Dec-19) |

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

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Available

#### Annexure 4: Complexity level of various instruments rated for this company

| Sr. No | Name of instrument                     | Complexity level |
|--------|--|------------------|
| 1      | Fund-based - LT-Working Capital Limits | Simple           |

#### Annexure 5: Bank Lender Details for this Company

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

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. 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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### About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

### Disclaimer

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