



Press Release

Aastha Spintex Private Limited (ASPL)

February 14 2025

Ratings

Instrument / Facility	Amount (Rs. In Cr)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	19.26	IVR BBB/Stable [IVR Triple B with Stable Outlook]	--	Assigned	Simple
Long Term Facilities	38.00 (Enhanced from Rs. 16.25 Cr)	IVR BBB/Stable [IVR Triple B with Stable Outlook]	IVR B+/Negative (INC)* [IVR Single B Plus with Negative Outlook, Issuer not Co Operating]	Upgraded and removed from INC, Outlook revised from Negative to Stable.	Simple
Short Term Facilities	2.48	IVR A3 [IVR A Three]	--	Assigned	Simple
Long Term Facilities	0.00 (Previously rated for Rs. 25.48 Cr)	Withdrawn	IVR B+/Negative (INC)* [IVR Single B Plus with Negative Outlook, Issuer not Co Operating]	Withdrawn	Simple
Long Term-Proposed	0.00 (Previously rated for Rs. 5.18 Cr)	Withdrawn	IVR B+/Negative (INC) * [IVR Single B Plus with Negative Outlook, Issuer not Co Operating]	Withdrawn	Simple
Long / Short Term Bank Facilities	0.00 (Previously rated for Rs. 6.75 Cr)	Withdrawn	IVR A4 (INC)* [IVR A Four Issuer not Co Operating)	Withdrawn	Simple
Total	59.74	(Rupees Fifty - Nine Crore Seventy - Four Lacs Only)			



Press Release

Details of Facilities are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded the ratings to the bank facilities of Aastha Spintex Private Limited. The rating upgrade derives strength from established track record of operations along with experienced promoters, improvement in scale of operations and profitability during FY'24 (refers to the period of April 01, 2023 to March 31, 2024), easy availability of raw material and better revenue visibility due to export for reputed brands and regular clients. The rating however continues to remain constrained on account of exposure to volatility in the prices of key raw material, challenges in a cyclical, fragmented and competitive textile industry.

Infomerics has also withdrawn ratings assigned to previously rated EPC, OD and proposed long term bank facilities basis on the request letter from the company and receipt of No Due Certificate from the banker. Further, the ratings of the above-mentioned facilities are withdrawn in accordance with Infomerics' Policy on withdrawal of Ratings.

The stable outlook reflects Infomerics expectation that ASPL will continue to benefit from experience of its promoters and sustain its moderate financial risk profile in near to medium term.

Key Rating Sensitivities:

Upward Factors.

- Consistent and substantial business growth with enhanced profitability, leading to improved cash flow and liquidity.
- Improvement in capital structure and stronger debt coverage metrics to remain sustained over the years.



Press Release

Downward Factors

- Decline in operating income or profitability affecting debt coverage and overall financial risk.
- Significant increase in working capital needs or unplanned capital expenditures worsening liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of operations with a team of experienced promoters

ASPL has been operational since 2013 and is led by Mr. Jashwant Patel. Currently Mr. Vivek Patel and Mr. Divyang Patel manages the overall operation of the firm. Both the promoters have extensive experience of more than 2 decades in the industry. The company's day-to-day operations are managed by Mr. Vivekbhai Patel along with a team of experienced professionals.

Improvement in scale of operations and profitability in FY'24.

ASPL have reported a growth of ~27% in its scale of operations marked by total operating income of Rs. 304.86 Cr in FY'24 as against Rs. 239.27 Cr in FY'23 on account of the increase in sale of cotton bales and seeds during the year. Further the profitability of the company also improved marked by operating margin remains at around 12% in FY'24 from 6% in FY'23 led by decline in input cost majorly backed by lower power cost due to operationalization of captive solar power plant of 5MW and windmill of 2.7MW.

Proximity and easy access to raw material

The Company has easy access to raw material as its manufacturing plant located in Saurashtra region at Morbi (Gujarat). The Saurashtra region being high cultivation of cotton enables the group to save on logistics costs and sourcing of raw material at competitive price.



Press Release

Better revenue visibility due to export for reputed brands and regular clients

ASPL supplies yarns to the producers who manufacture finished goods for brands like Zara, H&M etc. The company focuses more on exports because of better margins, favorable trade policies extended by the state and timely payments from its clients which is favorable for their working capital management as well.

Key Rating Weaknesses

Exposure to volatility in the prices of key raw material

The company's primary raw material is cotton, and its profitability is heavily affected by the fluctuating prices of cotton. These price changes are influenced by factors such as the area dedicated to cotton cultivation, monsoon conditions, international supply and demand, crude oil prices, geopolitical factors, and industry-specific developments. In recent years, cotton yarn production has faced instability due to volatile cotton prices and fluctuating export policies.

Challenges in a cyclical, fragmented and competitive textile industry

The textile industry is inherently cyclical, with demand closely tied to consumption trends, disposable income levels, and the overall economic outlook. It is also susceptible to fluctuations in cotton prices, challenges in workforce mobilization, and changes in government policies affecting the sector's development. Additionally, the industry is highly competitive and fragmented, with numerous players in both organized and unorganized sectors.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Default Recognition Policy](#)

[Complexity Level of Rated Instruments / Facilities](#)

[Policy on Withdrawal of Rating](#)

Liquidity – Adequate



Press Release

The liquidity position of the company stands adequate marked by current ratio and quick ratio at 1.39x and 0.86x, respectively as on March 31, 2024. The cash flow from operation also stands positive at Rs. 8.47 Cr in FY'24 (reported earlier Rs. 16.66 Cr). Further the gross cash accruals also reflect sufficient cushion to cover its short-term debt obligations. The unencumbered cash and bank balances stands at ₹ 2.05 crore as on March 31, 2024. The average working capital limit utilization stands at around 98.36% for the past 12-month ending Dec- 2024.

About the Company

Gujarat-based, Aastha Spintex Private Limited (ASPL) was incorporated in 2013 by Mr. Jaswant Patel. Currently Mr. Vivek Patel and Mr. Divyang Patel managing the overall operation of the firm. ASPL's manufacturing facility is located at Halvad, Morbi (Gujarat) and engaged in ginning and spinning of cotton yarn of counts 30-32 (combed yarn) which is used for knitting and weaving. ASPL's installed capacity of 25,960 spindles in spinning unit and 12000 MT in ginning unit. Mr. Vivek Patel and Mr. Divyang Patel, who have been associated with the cotton industry for over a decade.

The company has close proximity to source of its raw material and derives revenue mainly from export to countries like Europe, Latin America, China, etc.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	239.27	304.86
EBITDA	14.46	37.91
PAT	1.36	17.75
Total Debt	79.55	72.01
Adjusted Tangible Net Worth	63.35	90.14
EBITDA Margin (%)	6.04%	12.44%
PAT Margin (%)	0.57%	5.82%
Adjusted Overall Gearing Ratio (x)	1.26	0.81
Interest Coverage (x)	2.01	4.17

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:



Press Release

- India Rating and Research vide its press release dated December 06, 2024, has continued the rating in the Issuer Not Cooperating category due to non-submission of NDS continuously for 3 months.
- Acuite Rating & Research vide its press release dated June 07, 2024, has continued the rating in the Issuer Not Cooperating category due to non-submission of information by the company.

Any other information: NIL





Press Release

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Cash Credit	Long Term	38.00	IVR BBB/ Stable	IVR B+ (INC)	IVR BB- (INC)	IVR BB (INC)
2	Term Loan	Long Term	12.30	IVR BBB/ Stable	--	--	--
3	GECL – 1	Long Term	3.10	IVR BBB/ Stable	--	--	--
4	GECL - 2	Long Term	3.86	IVR BBB/ Stable	--	--	--
5	Proposed Term Loan	Long Term-Proposed	-- (Previously rated for Rs.5.18 crore)	Withdrawn	IVR B+ (INC)	IVR BB- (INC)	IVR BB (INC)
6	Bank Guarantee	Short Term	2.48	IVR A3	--	--	--
7	EPC / OD	Long Short Term /	-- (Previously rated for Rs.6.75 crore)	Withdrawn	IVR A4 (INC)	IVR A4 (INC)	IVR BB (INC)
8	Term Loan	Long Term	-- (Previously rated for Rs.25.48 crore)	Withdrawn	IVR B+ (INC)	IVR BB- (INC)	IVR BB (INC)

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Press Release

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Press Release

Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	--	38.00	IVR BBB /Stable
Term Loan	-	-	-	Sep 2030	12.30	IVR BBB /Stable
GECL – 1	-	-	-	Feb 2026	3.10	IVR BBB /Stable
GECL – 2	-	-	-	Dec 2027	3.86	IVR BBB /Stable
Bank Guarantee	-	-	-	-	2.48	IVR A3

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Aastha-Spintex-14feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com