

November 20, 2017

Lahoti Overseas Limited Revised

Lahoti Overseas Limited ('Lahoti' or 'the company') has announced its quarterly results on November 13, 2017.

During H1 FY2018, Lahoti reported a net profit of Rs. 2.03 crore on an operating income of Rs. 199.32 crore as against a net profit of Rs. 5.01 crore on an operating income of Rs. 257.83 crore in H1 FY2017. The decline in revenues is on account of slower demand following high cotton yarn prices and supply side constraints on account of disruption in the supply value chain because of issues related to cost and compliance of the Goods and Service Tax (GST). While, the company booked net profit of Rs. 5.01 crore in H1 FY2017, it has booked a net profit of Rs. 2.03 crore in H1 FY2018 on account of decline in duty drawback rate to 1.2% from 3% post the roll out of GST. ICRA is in talks with the company to understand the changes in business and financial outlook and would take an appropriate rating action if required.

ICRA currently has ratings outstanding of [ICRA]BBB(Stable) and [ICRA]A3+ on the Rs. 107.45 crore bank facilities of Lahoti. The ratings continue to factor in the significant experience of the promoters of Lahoti in the textile business, and a satisfactory financial profile as reflected by the healthy net-worth and moderate gearing levels of 0.43 time as on September 30, 2017. With the diversification of exports to other geographies, the geographic concentration risk has also minimised and has supported the growth in revenues in FY2017.

The previous rating rationale is available on the following link: [Click here](#)

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