

December 22, 2021

Marudhar Fashions: Rating Withdrawn

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|--|-----------------------------------|----------------------------------|--|
| Long Term/Short Term fund based – Working Capital/Post Shipment Credit | 15.00 | 15.00 | [ICRA]BB- (Stable)/[ICRA]A4; Withdrawn |
| Total | 15.00 | 15.00 | |

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Marudhar Fashions at the request of the firm and based on the No Due certificate received from the banker, and in accordance with ICRA's policy on withdrawal and suspension. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key Rating Drivers, Liquidity Position, Rating Sensitivities, have not been captured as the related instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#).

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|---|
| Applicable Rating Methodologies | ICRA Policy on Withdrawal and Suspension of Credit Ratings Corporate Credit Rating Methodology |
| Parent/Group Support | Not Applicable |
| Consolidation/Standalone | Standalone |

About the company

Established in 1989, Marudhar Fashions, a partnership firm, is engaged in the manufacturing and export of hand-tufted and loom-made carpets under the brand, 'Kaleen', through its subsidiary, Kaleen Rugs Inc., based in USA. MF is also involved in domestic trading of carpets, sale of towels, woollen yarn, packing materials and licenses. It is a star export house, recognised by the Government of India. The carpet manufacturing facilities of the firm are located in Mirzapur (Uttar Pradesh) and Panipat (Haryana), while its administrative office is at Lower Parel, Mumbai. MF recorded a net profit of Rs. 8.99 crore on an operating income of Rs. 70 crores for the financial year ended March 31, 2020 (provisional numbers).

Key financial indicators (audited)

| | FY2018 | FY 2019 | FY2020* |
|--|--------|---------|---------|
| Operating Income (Rs. crore) | 77.13 | 100.32 | 69.98 |
| PAT (Rs. crore) | 10.18 | 17.94 | 8.99 |
| OPBDIT/OI (%) | 18.94% | 21.85% | 15.32% |
| RoCE (%) | 13.20% | 17.88% | 12.85% |
| Total Outside Liabilities/Tangible Net Worth (times) | 0.87 | 0.82 | 0.79 |
| Total Debt/OPBDIT (times) | 1.47 | 1.46 | 3.51 |
| Interest Coverage (times) | 3.98 | 6.22 | 2.55 |

*Based on provisional results

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA:

On June 11, 2021, CRISIL Ratings has retained the rating of Marudhar Fashions at 'CRISIL B+/Stable/CRISIL A4 Issuer Not Cooperating'. As per the press release, the rating agency has been consistently following up with the client for obtaining information through letters, emails and telephonic communication. However, the issuer has remained non-cooperative. Hence, the rating is arrived at without any management interaction and is based on best available or limited or dated information of the firm.

Any other information: None

Rating history for past three years

| | Instrument | Current Rating (FY2022) | | | | Chronology of Rating History for the past 3 years | | |
|---|----------------------|-------------------------|--------------------------|--------------------------------|---------------------------------------|---|----------------------------|----------------------------|
| | | Type | Amount Rated (Rs. crore) | Amount Outstanding (Rs. Crore) | Date & Rating in | Date & Rating in FY2021 | Date & Rating in FY2020 | Date & Rating in FY2019 |
| | | | | | Dec 22, 2021 | Oct 29, 2020 | Apr 05, 2019 | Jul 12, 2018 |
| 1 | Term Loan | Long - Term | - | - | - | - | [ICRA]BB-(Stable) | [ICRA]BB-(Stable) |
| 2 | Post Shipment Credit | Short-Term | - | - | - | - | [ICRA]A4 | [ICRA]A4 |
| 3 | Unallocated Limits | Short-Term/Long Term | - | - | - | - | [ICRA]BB-(Stable)/[ICRA]A4 | [ICRA]BB-(Stable)/[ICRA]A4 |
| 4 | Post Shipment Credit | Short-Term/Long Term | 15.00 | - | [ICRA]BB-(Stable)/[ICRA]A4; Withdrawn | [ICRA]BB-(Stable)/[ICRA]A4 | - | - |

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|----------------------|----------------------|
| Post Shipment Credit | Simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or

complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

| ISIN No | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (RS Crore) | Current Rating and Outlook |
|---------|----------------------|-----------------------------|-------------|---------------|-------------------------|---|
| NA | Post Shipment Credit | NA | NA | NA | 15.00 | [ICRA]BB-(Stable)/ [ICRA]A4; Withdrawn |

Source: Marudhar Fashions

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

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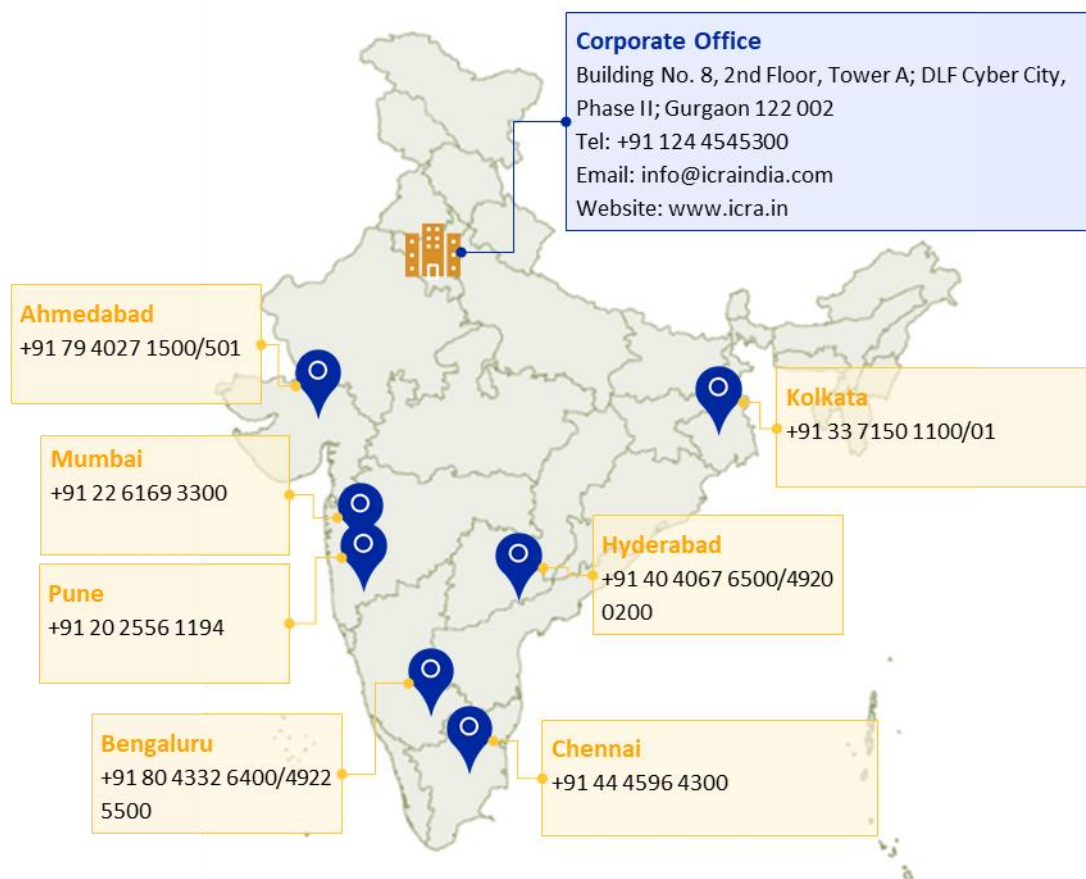


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