

July 30, 2021 ^{Revised}

Duratex Silk Mills Private Limited: Ratings moved to Issuer Not Cooperating category, Long term ratings downgraded due to lack of adequate information on the company

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term, Fund based - Term Loan	17.09	17.09	[ICRA]B (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable) and moved to the 'Issuer Not Cooperating' category
Long Term, Fund based - Working Capital	7.10	7.10	[ICRA]B (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB (Stable) and moved to the 'Issuer Not Cooperating' category
Long Term / Short Term – Unallocated	5.81	5.81	[ICRA]B (Stable) ISSUER NOT COOPERATING*; Long term rating downgraded from [ICRA]BB (Stable) and moved to the 'Issuer Not Cooperating' category / [ICRA]A4 ISSUER NOT COOPERATING*; Short term rating moved to the 'Issuer Not Cooperating' category
Total	30.00	30.00	

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

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding performance of Duratex Silk Mills Private Limited and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by a rated entity” available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Duratex Silk Mills Private Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating approach - Consolidation Rating Methodology for Entities in the Indian Textile Industry – Apparels Rating Methodology for Entities in the Indian Textile Industry – Fabric Making Policy in respect of non-cooperation by a rated entity
Parent/Group Support	-
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of Duratex Exports, Duratex Apparels and Duratex Silk Mills Private Limited (as mentioned in Annexure – 2), given the close business linkages among them; the rating is therefore based on the consolidated financials of the Group

About the company

The Duratex Group was founded in the early 1970s by Mr. Durga Prasad Agarwal. Subsequently, his two brothers, Mr. Narendra Agarwal and Mr. Sanjay Agarwal, joined the business. The Group's flagship company, Duratex Silk Mills Private Limited, manufactures finished fabrics, while Duratex Exports exports finished fabrics procured from Duratex Silk Mills Private Limited. Duratex Apparels manufactures readymade garments, particularly shirts and boxers, and caters to the domestic as well as export markets. The Group has around 310 looms with an approximate fabric manufacturing capacity of 100 lakh meters per annum, as well as around 350 sewing machines and a shirt manufacturing capacity of 6.85 lakh units per annum. The company's capacity utilisation remained mature at 85-90% of its installed manufacturing capacity during FY2019.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2021)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of March 31, 2021 (Rs. crore)	Date & Rating in	Date & Rating in	Date & Rating in	
					July 30, 2021	April 08, 2020	FY2018	
1	Term Loans	Long-term	17.09	-*	[ICRA]B (Stable) ISSUER NOT COOPERATING	[ICRA]BB (Stable)	-	-
2	Working Capital Loans	Long-term	7.10	-	[ICRA]B (Stable) ISSUER NOT COOPERATING	[ICRA]BB (Stable)	-	-
4	Unallocated limit	Long-term and Short term	5.81	-	[ICRA]B (Stable) ISSUER NOT COOPERATING/ [ICRA]A4 ISSUER NOT COOPERATING	[ICRA] BB (Stable)/ [ICRA]A4	-	-

*Information not available

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based – Term Loan	Simple
Long-term/ Short -term – Fund Based Working Capital	Simple
Long-term/ Short-term – Unallocated	Not Applicable

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: www.icra.in

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	Term Loan	FY2020		FY2024	0.94	[ICRA]B (Stable) ISSUER NOT COOPERATING
NA	Term Loan	FY2020		FY2028	4.15	[ICRA]B (Stable) ISSUER NOT COOPERATING
NA	Term Loan	FY2020		FY2031	12.00	[ICRA]B (Stable) ISSUER NOT COOPERATING
NA	Working Capital Loans	-		-	7.10	[ICRA]B (Stable) ISSUER NOT COOPERATING
NA	Unallocated limit	-		-	5.81	[ICRA]B (Stable) ISSUER NOT COOPERATING/ [ICRA]A4 ISSUER NOT COOPERATING

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Duratex Exports (DE)	-	Full Consolidation
Duratex Apparels (DA)	45%	Full Consolidation

Source: Company

Corrigendum:

Rationale dated July 30, 2021 has been corrected with revisions as detailed below:

Applicable Rating Methodologies under Analytical Approach on Page 2 did not include ICRA's policy in respect of non-cooperation by a rated entity. The same has been added.

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About ICRA Limited:

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