

October 26, 2022

Zenith Exports Limited: Ratings moved to Issuer Not Cooperating category

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	22.00	22.00	[ICRA]B+ (Stable)/ [ICRA]A4 ISSUER NOT COOPERATING*; Ratings moved to 'Issuer Not Cooperating' category
Total	22.00	22.00	

[^]Instrument details are provided in Annexure-I

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

Rationale

The rating is moved to 'Issuer Not Cooperating' category because of lack of adequate information regarding Zenith Exports Limited's (ZEL) performance 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.

As part of its process and in accordance with its rating agreement with ZEL, 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: [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 Policy in respect of Non-cooperation by the Rated Entity
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

ZEL was incorporated in 1981 as a public limited company. At present, it has two separate manufacturing divisions, namely Zenith Main Division (ZM) and Zenith Textiles (ZT), while the manufacturing operations of another division, Zenith Spinners (ZS), was shut down in November 2015. ZM is involved in the export of silk fabrics, industrial leather hand gloves and other leather products, which are manufactured in Kolkata, West Bengal. ZT is a 100% export-oriented unit. Its manufacturing facility is located at Nanjangud, Karnataka, which produces silk and velvet fabrics.

Key financial indicators (Audited)

ZEL Standalone	FY2021	FY2022
Operating income	51.28	90.98
PAT	-1.30	1.01
OPBDIT/OI	-2.46%	0.89%
PAT/OI	-2.53%	1.11%
Total outside liabilities/Tangible net worth (times)	0.17	0.23
Total debt/OPBDIT (times)	-6.17	17.04
Interest coverage (times)	-0.99	0.67

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of Oct 26, 2022 (Rs. crore)	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020
				Oct 26, 2022	July 05, 2021	Aug 11, 2020	-
1 Fund-based working capital limits*	Long term /Short term	22.00	-	[ICRA]B+ (Stable) / [ICRA]A4 'ISSUER NOT COOPERATING'	[ICRA]B+ (Stable) / [ICRA]A4	[ICRA]B+ (Stable) / [ICRA]A4	-

* Packing Credit-PC/PCFC, FDB, FBE, BRD, Rupee Advance

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/ Short -term – Fund Based Working Capital	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 are available on ICRA's website: [Click Here](https://www.icra.in)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based working capital*	NA	NA	NA	22.00	[ICRA]B+ (Stable)/ [ICRA]A4 'ISSUER NOT COOPERATING'

Source: Company; * Packing Credit-PC/PCFC, FDB, FBE, BRD, Rupee Advance

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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