September 13, 2024

Lahoti Overseas Ltd.: Ratings Moved to Issuer Non-Cooperating category, Ratings downgraded based on best available information

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 facilities	113.60	113.60	[ICRA]BB+(Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING*; downgraded from [ICRA]BBB(Stable)/ [ICRA]A3+ and moved to "ISSUER NOT COOPERATING" category
Short Term –Non-Fund Based Interchangeable	(10.00)	(10.00)	[ICRA]A4+; ISSUER NOT COOPERATING*; downgraded from [ICRA]A3+ and moved to "ISSUER NOT COOPERATING" category
Total	**113.60**	**113.60**	

**Issuer did not cooperate; based on best available information.*
^Instrument details are provided in Annexure-1

Rationale

ICRA has downgraded and moved the bank loan ratings for Lahoti Overseas Ltd. to the 'Issuer Not Cooperating' category. The rating is denoted as **"[ICRA]BB+ (Stable)/[ICRA]A4+; ISSUER NOT COOPERATING"**.

The rating downgrade is because of lack of adequate information regarding Lahoti Overseas Ltd.'s 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, despite the downgrade.

As part of its process and in accordance with its rating agreement with **Lahoti Overseas Ltd.**, ICRA has been trying to seek information from the entity so as to monitor its performance and has been sending repeated reminders to the entity. Despite multiple 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 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 a Rated Entity
Parent/Group support	NA
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of Lahoti Overseas Ltd.

About the company

Incorporated in 1990, Lahoti has been trading in greige fabric and textured yarn since its inception. Cotton yarn accounted for most of its sales in the last three years. The company is managed by Mr. Ujwal R. Lahoti, Mr. Umesh R. Lahoti and Mr. Aadhitiya U. Lahoti. Lahoti is an ISO 9001:2008 certified company with its registered office in Mumbai. The company has also been certified by the Global Organic Textile Standard (GOTS), The Netherlands, for dealing in 100% organic cotton products, and has also received an Oeko-Tex Standard certification. The Lahoti Group consists of two other entities—G. Varadan Ltd. and Lahoti Spintex Ltd. Both are non-functional and only generate rental income. Lahoti has further ventured into power generation with four windmills, one each in Rajasthan and Madhya Pradesh and two in Maharashtra. It also has a 2.5-MW solar power generation unit in Rajasthan.

Key financial indicators (audited)

Lahoti Overseas Ltd.	FY2023	FY2024	Q1 FY2025*
Operating income	318.5	487.5	119.7
PAT	15.6	11.9	4.5
OPBDIT/OI	6.1%	2.8%	3.1%
PAT/OI	4.9%	2.4%	3.8%
Total outside liabilities/Tangible net worth (times)	0.2	0.2	-
Total debt/OPBDIT (times)	0.4	0.8	-
Interest coverage (times)	15.5	7.8	7.9

*Source: Company, ICRA Research; * Provisional numbers, All ratios as per ICRA's calculations; Amount in Rs. crore*

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2025)				Chronology of rating history for the past 3 years					
	FY2025				FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Export Bill Discounting/PCFC	Short term	-	-	-	-	-	December 29, 2022	[ICRA]A3+	January 31,2022	[ICRA]A3+
Working Capital Facilities	Long/Short term	113.60	September 13,2024	[ICRA]BB+ (Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING	July 06,2023	[ICRA]BBB (Stable) /[ICRA]A3+	-	-	-	-
Letter of Credit	Short term	(10.00)	September 13,2024	[ICRA]A4+; ISSUER NOT COOPERATING	July 06,2023	[ICRA]A3+	December 29, 2022	[ICRA]A3+	January 31,2022	[ICRA]A3+
Unallocated	Long/Short term	-	-	-	-	-	December 29, 2022	[ICRA]BBB (Stable)/ [ICRA]A3+	January 31,2022	[ICRA]BBB(Stable)/ [ICRA]A3+

Complexity level of the rated instrument

Instrument	Complexity Indicator
Working Capital Facilities	Simple
Letter of Credit	Very 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-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	**Working Capital Facilities**	NA	NA	NA	113.60	[ICRA]BB+(Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING
NA	**Letter of Credit**	NA	NA	NA	(10.00)	[ICRA]A4+; ISSUER NOT COOPERATING

Source: Lahoti Overseas Ltd.

Please click here to view details of lender-wise facilities rated by ICRA

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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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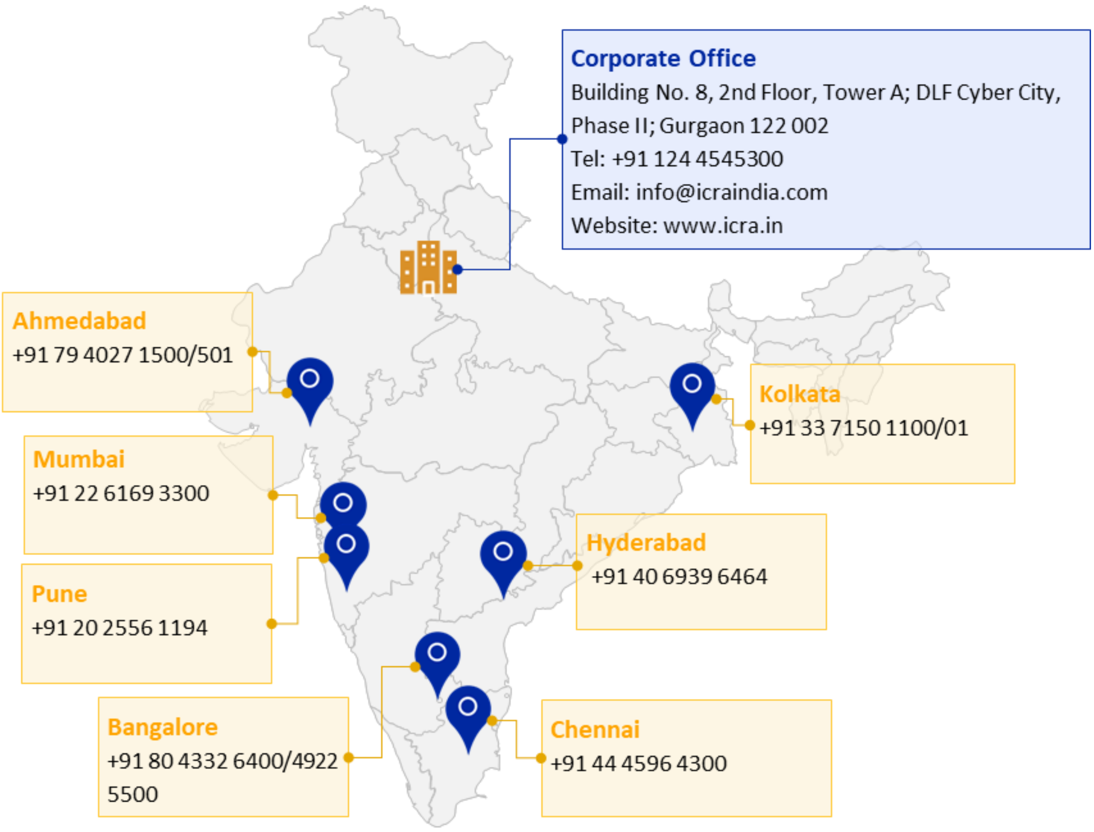

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