



Rating Rationale

1 Feb 2021

Adoratex

Brickwork Ratings has downgraded the long- and short-term ratings for the bank loan facilities of ₹ 36.85 Crore of Adoratex, based on best available information, as the issuer did not cooperate. Accordingly, the ratings are as under.

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating [^]	
	Previous	Present		Previous (14 Jan 2020)	Present
Fund based	11.00	11.00	Long Term	BWR BB+ Stable	BWR BB Stable (Downgrade) Issuer not Cooperating*
	25.85	25.85	Short Term	BWR A4+	BWR A4 (Downgrade) Issuer not Cooperating*
Total	36.85	36.85	Rupees Thirty-Six Crores and Eighty-Five lakhs Only		

[^]Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings.

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

RATING ACTION: NATURE OF NON-COOPERATION

The surveillance rating review of Adoratex (the firm) was carried out on 14 Jan 2020 at BWR BB+(Stable)/A4+. BWR followed up with the firm to provide the required information over numerous emails and tele-calls; however, the same remained unanswered. It is also observed that the firm is not submitting the NDS (No Default Statement) continually for the past 12 months and has neither given us the surveillance mandate nor the requisite information to review the rating for the bank loan facilities available despite repeated reminders.

Despite the best efforts of BWR to get at least the minimum required business and financial information and documents for a review, the issuer has not provided the same.

In the absence of adequate information from the issuer, surveillance mandate and non receipt of monthly NDS, BWR is unable to assess the issuer's financial performance and its ability to service its debt and maintain a valid rating. The firm did not cooperate for Rating for the bank loan facilities of Rs.36.85Cr.



LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide the required information for a review of the assigned rating may also be accompanied by financial stress.

About the Firm (Information as available in Jan 2020)

Adoratex was formerly known as Rizwan Export House. The firm was established in the year 2000 as a proprietorship concern by Mr.Rizwan Ansari. The firm manufactures and exports handmade rugs, carpets, and home furnishing products, made of wool, cotton, and leather. The firm is a 100 % export-oriented unit with the majority of exports to the US and Europe.

The firm has a production capacity of approx. 40,000 sq m per month and a processing unit situated in Bhadohi, which is the hub of the Indian carpet industry and is responsible for processing, finishing, packaging, storage, and logistics all under one roof.

KEY FINANCIAL INDICATORS (in ₹ Cr) [AS AVAILABLE WITH BWR]

Key Financials			
Result Type	Units	31/Mar/2018	31/Mar/2019
		Audited	Audited
TOI	Rs.Crs	123.83	118.42
OPBDIT	Rs.Crs	10.80	9.53
PAT	Rs.Crs	3.99	3.34
Tangible Net Worth	Rs.Crs	82.06	84.50
Tangible Net Worth (Analysed)	Rs.Crs	32.94	29.17
TOL/TNW	Times	0.87	0.78
TOL/TNW (Analysed)	Times	2.17	2.26
Current Ratio	Times	1.90	1.97

Rating History for the last three years (including withdrawn/suspended ratings)

Instrument / Facility	Current Rating (2021)		Rating History for the past 3 years Amount (Rs. Crores)									
			14 Jan 2020			25 Sep 2019			15 Jan 2018			
BLR	FB	11.00	BWR BB INC*	FB	11.00	BWR BB+	FB	13.08	BWR BB+ INC*	FB	13.08	BWR BB+
		25.85	BWR A4 INC*									
	Total	26.85		Total	36.85		Total	39.08		Total	39.08	

^Issuer did not cooperate; based on best available information

Status of non-cooperation with previous CRA (if applicable)-Crisil B+/ A4 (INC) as on March 24, 2020 for a debt size of Rs.40 Crs.

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

1. [General Criteria](#)
2. [Approach to Financial Ratios](#)
3. [Manufacturing Unit](#)
4. [Short Term Debt](#)
5. [What constitutes issuer non cooperation](#)

Adoratex

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Cash Credit	11.00	-	11.00
2	PC	-	16.85	16.85
3	Post Shipment Credit	-	9.00	9.00
TOTAL				36.85

Note: As per information available with BWR

Analytical Contacts	
Neha Jain Rating Analyst Phone:011-23412232 ,23413896 Extn: 114 neha.j@brickworkratings.com	Ashwini Mital Director - Ratings +91 172 5032296 ashwinimital@brickworkratings.com
1-860-425-2742	media@brickworkratings.com



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