

Rating Rationale

14 Apr 2020

Euro Leder Fashion Limited

Brickwork Ratings revises the rating for the Bank Loan Facilities of Rs. 18.00 Crores of Euro Leder Fashion Limited based on best available information, as the company did not cooperate.

Particulars

Facility	Amount (Rs Cr)		Tenure	Rating#	
	Previous	Present		Previous [^] (Feb 2019)	Present
Fund Based					
PC/PCFC/FDB/FBE/BRD	18.00	18.00	Short Term	BWR A4+	BWR A4 Issuer Not Cooperating* Downgraded and migrated to Issuer Not Cooperating* category
PC/PCFC (sub-limit)	(6.00)	(6.00)			
Total	18.00	18.00	Rupees Eighteen Crores Only		

*Issuer did not cooperate; based on best available information ; # Please refer to BWR website

www.brickworkratings.com/ for definition of the ratings; Details of rated Bank facilities are provided in Annexure-I.

[^] Ratings migrated to Rating not Reviewed category on 20Feb2020

Rating Action/Nature of Non Cooperation

The rating was due for a review in February 2020. BWR took up with the Company to provide required information for conducting a review of the rating through emails and telephone calls. Despite the best efforts of BWR to get the required information for a review, the Company has not provided the same. Due to the continued lack of management cooperation and in the absence of adequate information from the Company, BWR is unable to assess the Company's financial performance and its ability to service its debt and maintain a valid rating. The Company has not been submitting the monthly NDS to BWR as per the extant regulations. Hence, based on best available information, Brickwork Ratings has downgraded and migrated the rating to the ISSUER NOT COOPERATING* category.

Limitations of the Rating

Information availability risk is a key factor in the assessment of credit risk as generally non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

Company Profile

Euro Leder Fashion Limited, located in Chennai, was incorporated in 1992 as a private limited company and was reconstituted in 1994. The Company is an export unit and is engaged in the manufacturing of leather garments and finished leathers. With three manufacturing units located in Chennai, the Company has an installed capacity of manufacturing 1,50,000 leather garments per month. The Company's equity shares are listed on BSE.

Key Financial Indicators

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Operating Revenue	Rs. Cr.	82.59	79.08
EBITDA	Rs. Cr.	1.04	1.07
Net Profit	Rs. Cr.	0.71	0.42
Tangible Net Worth	Rs. Cr.	12.31	12.73
Total Debt : Tangible Net Worth	Times	1.28	1.46
Current Ratio	Times	0.93	0.92

On an unaudited basis, the Company has reported revenue of Rs. 44.90 Crs. for 9MFY20.

Status of non-cooperation with previous CRA - NA

Rating History

Facilities	Current Rating (April 2020)			Rating History		
	Tenure	Amount (Rs Cr)	Rating	19Feb2019	2018^	25Sep2017
Fund Based						
PC/PCFC/FDB/FBE/BRD PC/PCFC (Sub-limit)	Short Term	18.00 (6.00)	BWR A4 Issuer Not Cooperating*	BWR A4+	-	BWR A4+
Total		18.00	Rupees Eighteen Crores Only			

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

^Rating migrated to the Rating not Reviewed category on 26Dec2018 and 20Feb2020.

Note: Rs. 14.50 Crs. of the bank loan facilities were assigned the rating of BWR A4+ on 27Oct2014.

Complexity levels of the instruments

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

Hyperlink/Reference to applicable Criteria

<ul style="list-style-type: none"> • General Criteria 	<ul style="list-style-type: none"> • Services Sector
<ul style="list-style-type: none"> • Approach to Financial Ratios 	<ul style="list-style-type: none"> • What Constitutes Non-cooperation

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ANNEXURE I

Euro Leder Fashion Limited

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facility	Long Term [Rs Cr]	Short Term [Rs Cr]	Total [Rs Cr]
1	Canara Bank	PC/PCFC/FDB/FBE/BRD	-	18.00	18.00
2		PC/PCFC (Sub-limit)	-	(6.00)	(6.00)
TOTAL - Rupees Eighteen Crores Only					18.00

Note: As per information provided during the previous rating review (February 2019).

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