August 31, 2020

## Eurotex Industries and Exports Limited: Ratings withdrawn

## Summary of rating action

|  |  |  |  |
| --- | --- | --- | --- |
| **Instrument\*** | **Previous Rated Amount (Rs. crore)** | **Current Rated Amount (Rs. crore)** | **Rating Action** |
| Long Term fund based limits | 51.38 | 51.38 | [ICRA]D; Withdrawn |
| Short-term non fund based limits | 11.00 | 11.00 | [ICRA]D; Withdrawn |
| Unallocated amount | 21.62 | 21.62 | [ICRA]D/[ICRA]D; Withdrawn |
| **Total** | **84.00** | **84.00** |  |

\*Instrument details are provided in Annexure

## Rationale

The ratings assigned for the bank facilities of Eurotex Industries and Exports Limited (EIEL) have been withdrawn at the request of the company and based on the No Objection Certificate received from its banker. However, ICRA does not have information to suggest that the credit risk has changed since the time the ratings were last reviewed.

**Outlook: Not applicable**

**Key rating drivers**

Key rating drivers have not been captured as the rated instrument(s) are being withdrawn.

**Liquidity Position: Not applicable**

**Rating sensitivities: Not applicable**

**Analytical approach:**

|  |  |
| --- | --- |
| **Analytical Approach** | **Comments** |
| Applicable Rating Methodologies | [Corporate Credit Rating Methodology](https://www.icra.in/Rating/ShowMethodologyReport/?id=602) [ICRA’s policy on withdrawal and suspension of credit rating](https://www.icra.in/Rating/ShowRatingPolicyReport/?id=45&type=new) |
| Parent/Group Support | Not Applicable |
| Consolidation / Standalone | Standalone |

## About the company:

Eurotex Industries and Exports Limited is promoted by the Patodia Group, which was founded by Shri B. L. Patodia in 1938. The Group has over 65 years of experience in the textile industry. The company commenced operations in 1989 with a 100% export oriented spinning unit. The factory at Gokul Shirgaon in Kolhapur district of Maharashtra had 19,200 spindles. Over the years, with modernisation and expansion programmes, the company set up a spinning and knitted fabric manufacturing unit with 61,632 spindles (including 29,448 spindles of compact yarn), 51 TFOs and 24 circular knitting machines. The company enjoys power back-up for the whole facility with a 7MW captive power plant.

In FY2020, the company reported a net loss of Rs. 18.76 crore on an operating income of Rs. 49.60 crore.

## Key financial indicators

|  |  |  |
| --- | --- | --- |
|  | **FY2019 Audited** | **FY2020 Audited** |
| Operating Income (OI) | 198.15 | 49.60 |
| PAT | (17.07) | (18.76) |
| OPBDITA/OI (%) | -3.33% | -27.47% |
| PAT/OI (%) | -8.62% | -37.82% |
|  |  |  |
| Total Outside Liabilities/Tangible Net Worth (times) | 3.68 | 16.15 |
| Total Debt/ OPBDITA (times) | (5.06) | (2.08) |
| Interest Coverage (times) | (0.97) | (3.05) |
| DSCR | (0.87) | (3.05) |

*Amounts in Rs. crore*

*OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; PAT: Profit after Tax; DSCR: Debt Service Coverage Ratio  
Source: Financial statements of EIEL*

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for last three years:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Instrument** | **Current Rating (FY2021)** | | | | **Chronology of Rating History for the past 3 years** | | | | |
| **Type** | **Amount  Rated** | **Amount Outstanding** | **Date & Rating** | **Date & Rating in  FY2020** | **Date & Rating in FY2019** | | | **Date & Rating in FY2018** |
| **(Rs. crore)** | **(Rs. crore)** | **31-Aug-20** | **-** | **15-Feb-19** | **23-Nov-18** | **21-May-18** | **3-Oct-17** |
| 1 | Term Loan | Long Term | 1.88 | - | [ICRA]D Withdrawn | - | [ICRA]D | [ICRA]B+ (Stable) | [ICRA]BB-(Negative) | [ICRA]BB(Negative) |
| 2 | Cash Credit / Export packing Credit (EPC) | Long Term | 49.50 | - | [ICRA]D Withdrawn | - | [ICRA]D | [ICRA]B+ (Stable) | [ICRA]BB- (Negative) | [ICRA]BB (Negative) |
| 3 | Letter of Credit/ Bank Guarantee/ Credit Exposure Limit/ Forex Treasury Limit | Short Term | 11.00 | - | [ICRA]D Withdrawn | - | [ICRA]D | [ICRA]A4 | [ICRA]A4 | [ICRA]A4 |
| 4 | Unallocated Limits | Long Term & Short Term | 21.62 | - | [ICRA]D/ [ICRA]D Withdrawn | - | [ICRA]D/ [ICRA]D | [ICRA]B+ (Stable)/ [ICRA]A4 | [ICRA]BB- (Negative)/ [ICRA]A4 | [ICRA]BB (Negative)/ [ICRA]A4 |
|

## Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://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 | - | - | - | 1.88 | [ICRA]D Withdrawn |
| NA | Cash Credit / Export packing Credit (EPC) | - | - | - | 49.50 | [ICRA]D Withdrawn |
| NA | Letter of Credit/ Bank Guarantee/ Credit Exposure Limit/ Forex Treasury Limit | - | - | - | 11.00 | [ICRA]D Withdrawn |
| NA | Unallocated Limits | - | - | - | 21.62 | [ICRA]D/[ICRA]D Withdrawn |

## *Source: Eurotex Industries and Exports Limited*

## ANALYST CONTACTS

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