

Press Release
Laguna Clothing Private Limited
 April 27, 2019
Rating Update



Total Bank Facilities Rated*	Rs. 60.60 Cr.
Short Term Rating	ACUITE A2+ (Under rating watch with developing implications)

* Refer Annexure for details

Rating Rationale

Acuité has placed the short rating of '**ACUITE A2 plus**' (**read as ACUITE A two plus**) on the Rs.60.60 Cr. to the bank facilities of LAGUNA CLOTHING PRIVATE LIMITED (LCPL) on '**Rating watch with developing implications**'.

Acuité has placed LCPL's rating on watch following recent reconstitution from Private Limited Company to Limited Liability Partnership (LLP) and lack of clarity on the same and the future credit profile of the entity in the absence of clarification on the same and any interaction with the management.

About the Entity

LCPL incorporated in 2005 is a Bangalore-based company established as a joint initiative between Gruppo Tessile Monti (Italy) and Aquarelle International Limited (Mauritius). The company is engaged in the manufacture of premium shirts (formal and semi-formal) for men. The manufacturing unit of the company is located in Kanakpura, Karnataka and derives around 83 percent of its revenue from exports to USA and Europe while remaining 17 percent is derived from the domestic market. The company procures fabric from domestic mills of its associate company and other local suppliers.

Analytical Approach

Acuité has considered standalone business and financial profile of LCPL to arriving at the rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	316.06	278.99	295.80
EBITDA	Rs. Cr.	42.97	33.61	40.91
PAT	Rs. Cr.	27.52	22.33	25.21
EBITDA Margin	(%)	13.60	12.05	13.83
PAT Margin	(%)	8.71	8.00	8.52
ROCE	(%)	32.13	27.99	37.77
Total Debt/Tangible Net Worth	Times	0.25	0.17	0.20
PBDIT/Interest	Times	26.28	23.22	22.86
Total Debt/PBDIT	Times	0.58	0.51	0.41
Gross Current Assets (Days)	Days	132	144	121

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities- <https://www.acuite.in/view-rating-criteria-4.htm>

- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument
<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
14-Jun-18	PC/PCFC/FDB/FBE/ BRD	Short Term	35.00	ACUITE A2+ (Reaffirmed)
	Packing Credit	Short Term	15.00^	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	1.00	ACUITE A2+ (Reaffirmed)
	Proposed Packing Credit	Short Term	9.60	ACUITE A2+ (Reaffirmed)
04 Nov, 2016	PC/PCFC/FDB/FBE/ BRD	Short Term	35.00 (enhanced from Rs.25.00 crore)	ACUITE A2+ (Reaffirmed)
	Packing Credit in foreign Currency	Short Term	15.00# (enhanced from Rs.10.00 crore)	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A2+ (Withdrawn)
	Forward Purchase Contract	Short Term	1.60	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	1.00	ACUITE A2+ (Reaffirmed)
26 Aug, 2015	PC/PCFC/FDB/FBE/ BRD	Short Term	25.00*	ACUITE A2+ (Reaffirmed)
	Packing Credit in foreign Currency	Short Term	10.00#	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A2+ (Reaffirmed)
	Forward Purchase Contract	Short Term	1.60	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	1.00	ACUITE A2+ (Reaffirmed)
04 Sept, 2014	PC/PCFC/FDB/FBE/ BRD	Short Term	25.00*	ACUITE A2+ (Assigned)
	Packing Credit in foreign Currency	Short Term	10.00#	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	8.00	ACUITE A2+ (Assigned)
	Forward Purchase Contract	Short Term	1.60	ACUITE A2+ (Assigned)
	Bank Guarantee	Short Term	1.00	ACUITE A2+ (Assigned)

[^] Fully interchangeable with export facility for purchase/negotiation of document against payment, export facility for purchase/negotiation of document against acceptance and pre-shipment loan against export. Further, it includes sublimit import documentary credit and import deferred payments credits to the extent of Rs. 12.00 crore.

^{*}Includes sublimit of PC/PCFC to the extent of Rs. 15.00 crore [#]Fully interchangeable with export facility for purchase/negotiation of document against payment, export facility for purchase/negotiation of document against acceptance, pre-shipment loan against export, import documentary credit and import deferred payments credits

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
PC/PCFC/FDB/FBE/ BRD	Not Applicable	Not Applicable	Not Applicable	35.00	ACUITE A2+ (Under rating watch with negative implications)
Packing Credit	Not Applicable	Not Applicable	Not Applicable	15.00^	ACUITE A2+ (Under rating watch with negative implications)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A2+ (Under rating watch with negative implications)
Proposed Packing Credit	Not Applicable	Not Applicable	Not Applicable	9.60	ACUITE A2+ (Under rating watch with negative implications)

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About Acuité Ratings & Research:

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