

Press Release
Ejaz Tanning Company

October 03, 2018

Rating Review



Total Bank Facilities Rated	Rs. 31.30 Crore #
Long Term Rating	ACUITE B+ Issuer not co-operating*
Short Term Rating	ACUITE A4 Issuer not co-operating*

#Refer Annexure for details

*The issuer did not co-operate; Based on best available information.

Rating Rationale

Acuite has reviewed long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the bank facilities of Ejaz Tanning Company (ETC). This rating is now an indicative rating and is based on best available information.

Non-cooperation by the issuer/borrower: Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Applicable Criteria

- Manufacturing Entities - <https://www.acuite.in/criteria-manufacturing.htm>
- Default Recognition: <https://www.acuite.in/criteria-default.htm>

Limitation regarding information availability: The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavored to gather information about the entity / industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity:

ETC was established in 1986 as a partnership firm by Mr. A R Ejaz Ahmed, Mr. A R Imtiaz Ahmed, Mr. A R Istiyaq Ahmed, and Mr. A R Kashif Mohammad. The firm is engaged in manufacturing of finished leather and leather garments (jackets, skirts, pants and coats) and exports to Europe, USA, Russia, Korea and China. The firm procures raw material from Maharashtra and Tamil Nadu. Out of the total raw material, 50-60 percent of the raw leather is imported from Saudi Arabia.

The firm has its tannery division in Vaniyambadi (Tamil Nadu) with production capacity of 5 million square feet per annum of leather and a garment division in Chennai (Tamil Nadu) with a production capacity of 72,000 garments pieces (garment division) per annum.

For FY2016-17 (Provisional), ETC reported net profit of Rs.1.04 crore on operating income of Rs.70.38 crore as against net profit of Rs.0.90 crore on operating income of Rs.55.93 crore in the previous year. The net worth stood at Rs.14.02 crore as on March 31, 2017 (Provisional) as against Rs.11.89 crore in the previous year.

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

None

Any other information:

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
31-Aug-2017	Term Loans	Long Term	1.20	ACUITE B+/Stable (Assigned)
	Term Loans	Long Term	1.10	ACUITE B+/Stable (Assigned)
	Term Loans	Long Term	3.00	ACUITE B+/Stable (Assigned)
	PC/PCFC	Short Term	16.00	ACUITE A4 (Assigned)
	Letter Of Credit	Short Term	10.00	ACUITE A4 (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loans	Not Applicable	Not Applicable	Not Applicable	1.20	ACUITE B+ (Indicative)
Term Loans	Not Applicable	Not Applicable	Not Applicable	1.10	ACUITE B+ (Indicative)
Term Loans	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B+ (Indicative)
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	16.00	ACUITE A4 (Indicative)
Letter Of Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4 (Indicative)

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About Acuite Ratings & Research:

Acuite Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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