



Press Release
LAGUNA CLOTHING LLP
September 25, 2023

Rating Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	67.00	-	ACUITE A4+ Reaffirmed Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	67.00	-	-

Rating Rationale

Acuite has reaffirmed the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 67.00 Cr. bank facilities of Laguna Clothing LLP (LCLLP). The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information.

About the Company

Laguna Clothing LLP (LCLLP), a Bangalore based Limited Liability Partnership. LCLLP has a presence since 2005 and is known for the manufacturing of premium shirts (both formal and semi-formal). The firm has recently entered into a knitted shirt. The firm was a joint initiative between Gruppo Tessile Monti (Italy) and Aquarelle International Limited (Mauritius). However, Aquarelle International Limited (Mauritius) has acquired a 100 percent share in the firm, due to insolvency of other partners in November 2019. LCLLP derives 80 to 85 percent of its revenues from exports to USA, UAE, Denmark, France and other European countries. The manufacturing unit is located in Kanakpura, Karnataka and has an installed capacity of 3.6 million units per annum and is currently operating in a range of 75 to 80 per cent capacity. The directors of the company are Mr. Sarbajit Ghose and Mr. Ramesh Visweswaran.

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 the due date. Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

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.

"No information provided by the issuer / available for Acuite to comment upon."

All Covenants

Not Applicable

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	255.05	342.84
PAT	Rs. Cr.	6.66	9.88
PAT Margin	(%)	2.61	2.88
Total Debt/Tangible Net Worth	Times	0.86	0.53
PBDIT/Interest	Times	6.72	8.59

Status of non-cooperation with previous CRA

None

Any other information

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

Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Jun 2022	Packing Credit	Short Term	40.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Packing Credit	Short Term	15.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	11.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
22 Oct 2020	Bank Guarantee	Short Term	1.00	ACUITE A1 (Assigned)
	Packing Credit	Short Term	40.00	ACUITE A1 (Reaffirmed)
	Letter of Credit	Short Term	11.00	ACUITE A1 (Assigned)
	Packing Credit	Short Term	15.00	ACUITE A1 (Reaffirmed)
23 Sep 2020	Packing Credit	Short Term	35.00	ACUITE A1 (Reaffirmed)
	Packing Credit	Short Term	15.00	ACUITE A1 (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
Canara Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	11.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
Canara Bank	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	40.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
HSBC	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE A4+ Reaffirmed Issuer not co-operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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