



Press Release
PEARL APPARELS PRIVATE LIMITED
June 07, 2023

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	40.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	40.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.40.00 Cr bank facilities of Pearl Apparel Private Limited (PAPL). The rating is now flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

About the Company

Incorporated in 2017, Pearl Apparels Private Limited is engaged in the manufacturing and export of garments. The company is based out in New Delhi and promoted by Mr. Amit Gupta and family. Pearl Apparels was a partnership firm and in FY2023 it was converted into a Private Limited company. The product line includes garments, home furnishing, kids wear, ladies wear, etc.

Non-cooperation by the issuer/borrower

Acuite has been requesting for No Default Statements (NDS); however, despite multiple requests; the Company's management has remained non-cooperative and not submitted the NDS for the preceding 03 consecutive months. 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 noncooperation 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.

Rating Sensitivities

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

Material Covenants

None.

Liquidity Position

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

Outlook:
Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	173.87	126.63
PAT	Rs. Cr.	6.34	2.78
PAT Margin	(%)	3.65	2.19
Total Debt/Tangible Net Worth	Times	1.69	1.99
PBDIT/Interest	Times	4.64	4.28

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

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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
22 Mar 2023	Proposed Bank Facility	Long Term	2.96	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	13.46	ACUITE BBB- Stable (Assigned)
	Packing Credit	Long Term	23.58	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Packing Credit	Not Applicable	Not Applicable	Not Applicable	Simple	23.58	ACUITE BB+ Downgraded Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	2.96	ACUITE BB+ Downgraded Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	13.46	ACUITE BB+ Downgraded 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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