

October 10, 2024

Al-Rkayan Apparels & Exports Private Limited: Continues to remain under issuer Non-Cooperating category, Rating downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term- Fund Based-Cash Credit	25.00	25.00	[ICRA]D;ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]B+(Stable); ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category.
Long Term- Fund Based-Term Loan	3.00	3.00	[ICRA]D;ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]B+(Stable); ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category.
Total	28.00	28.00	

*Issuer did not cooperate; based on best available information

[^]Instrument details are provided in Annexure-I

Rationale

Material event

The Corporate Insolvency of Al-Rkayan Apparels & Exports Private Limited was ordered by National Company Law Tribunal. The public announcement was issued by Insolvency and Bankruptcy Board of India (IBBI) on October 08, 2024. The IBBI has mentioned 11th January 2025 as the estimated date for closure of insolvency resolution process.

Impact of material event

The rating is based on limited information on the entity's performance since the time it was last rated on August ,2023. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Al-Rkayan Apparels & Exports Private Limited, ICRA has been trying to seek information from the entity so as to monitor its performance Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been continued to the "Issuer Not Cooperating" category. The rating is based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities and Key Financial indicators : [Click here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity Policy on Default recognition Corporate Credit Rating Methodology Rating Methodology- Textiles - Apparels
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

ARAEPL was incorporated in 2004 by Mr. Prabhakar Shetty, Mr. Shahid Rafi and Mr. Abdul Rahman S Al-Rkayan. The company is primarily involved in manufacturing of denims for major denim players and has manufacturing facility in Goregaon, Mumbai which is spread over 30,000 square feet and employs over 650 people. Towards the end of 2008-09, ARAEPL launched its own denim brand Leonidas, aimed at the price-sensitive and fashion-conscious youth segment (16 to 40 years age group); Leslie (for capris and three-fourths) and LD Active (bottom wear for women).

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount Rated (Rs. Crore)	Current Rating (FY2025)		Chronology of Rating History for the past 3 years		
			Date & Rating in	Date & Rating in	Date & Rating in	Date & Rating in	
							10 Oct 2024
1 Fund Based-Cash Credit	Long Term	25.00	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]B+(Stable); ISSUER NOT COOPERATING	[ICRA]B+(Stable); ISSUER NOT COOPERATING	[ICRA]B+(Stable); ISSUER NOT COOPERATING	
2 Fund Based-Term Loan	Long Term	3.00	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]B+(Stable); ISSUER NOT COOPERATING	[ICRA]B+(Stable); ISSUER NOT COOPERATING	[ICRA]B+(Stable); ISSUER NOT COOPERATING	

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund Based-Cash Credit	Simple
Fund Based-Term Loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund Based-Cash Credit	-	-	-	25.00	[ICRA]D; ISSUER NOT COOPERATING
NA	Fund Based-Term Loan	-	-	-	3.00	[ICRA]D; ISSUER NOT COOPERATING

Source: Al-Rkayan Apparels & Exports Private Limited

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

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