



April 02, 2019

The Manager  
Corporate Relationship Department  
BSE Limited  
Floor 25, Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001

**BSE Scrip Code- 533267**  
Fax No.: 022-2272 3121/1278/1557/3354

The Manager  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex  
Bandra (East)  
Mumbai - 400 051

**NSE Scrip Symbol: CANTABIL and Series: EQ**  
Fax No.: 022-26598237/38

Dear Sir,

**Sub-Intimation of Revised Credit Rating**

**Re: Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We hereby inform you that Credit Rating assigned to the Company has been revised by Credit Rating Agency i.e. Brickwork Ratings India Private Limited, w.e.f. 02<sup>nd</sup> April 2019. The Copy of the same is enclosed herewith for your reference.

Request you to please take on records.

Thanking You

Yours faithfully

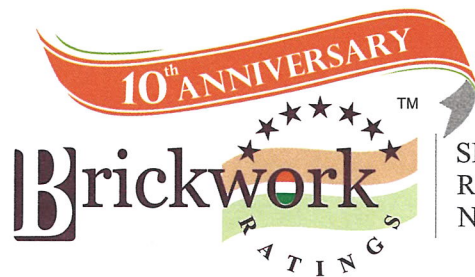
**For Cantabil Retail India Limited**

  
(Poonam Chahal)  
Company Secretary & Compliance Officer  
FCS 9872



Encl.: As above

**CANTABIL RETAIL INDIA LTD.**



SEBI Registered  
RBI Accredited  
NSIC Empanelled

**BWR/BLR/MUM/IRC/RVK/0028/2019-20**

**02 Apr 2019**

**Mr. Vijay Bansal**  
**Managing Director**  
**Cantabil Retail India Limited**  
B-16, Ground Floor, Industrial Area,  
Lawrence Road,  
Delhi - 110035

**Dear Sir,**

**Sub: Rating of the Bank Loan Facilities of Cantabil Retail India Limited amounting to ₹ 60.00 Crores (INR Sixty Crores Only).**

Thank you for giving us an opportunity to undertake the Rating of the Bank Loan facilities sanctioned & proposed to your Company. Based on the information and clarifications provided by you, we are pleased to inform you that **Cantabil Retail India Limited** bank loan facilities aggregating ₹ 60.00 Crs have been assigned ratings as follows:

Facility	Limits (₹ Crs)	Tenure	Rating*
Fund Based (Including Proposed)	47.00	Long Term	<b>BWR BBB+</b> (BWR triple B plus) <b>(Outlook: Stable)</b>
	10.00	Short Term	<b>BWR A2</b> (BWR A two)
Non Fund Based	3.00	Short Term	<b>BWR A2</b> (BWR A two)
<b>Total</b>	<b>60.00</b>	<b>INR Sixty Crores Only</b>	

\*Please refer to BWR website [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the rating assigned

Note: Details of bank wise facilities is as per Annexure-I

The Ratings are valid for twelve months subject to terms and conditions that were agreed in your mandate dated **12 Mar 2019** and other correspondence, if any, and Brickwork Ratings' standard disclaimer appended at the end of this letter.

The rated Bank Loan facilities would be under surveillance during the said period. You are required to submit information periodically as per Annexure-II for the purpose of surveillance/review. You are also required to keep us informed of any information/development that may affect your Company's finances/performance without any delay. **You are also requested to submit No Default Statement on a monthly basis.**

**Brickwork Ratings India Pvt. Ltd.**

Page 1 of 4



C/501-502, Business Square, 151 Andheri-Kurla Road, Opposite: Apple Heritage Building, Chakala, Andheri (East), Mumbai - 400 698.

Phone: +9122 2831 1426 / 39, +9122 6745 6666 • Fax: +91 22 2838 9144 • 1-860-425-2742 | info@brickworkratings.com • www.brickworkratings.com

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**CIN: U67190KA2007PTC043591**



### Cantabil Retail India Limited

We are also enclosing the Rating Rationale. Please let us have your acceptance of the Rating and the Rating Rationale within two days of this letter date. Please note that unless acceptance is conveyed to us, the rating is not valid and should not be used for any purpose whatsoever.

Best Regards,

  
Ravindra Kumar  
Director-Ratings



**Note:** Rating Rationale of all accepted Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings web-site . Interested persons are well advised to refer to our website [www.brickworkratings.com](http://www.brickworkratings.com), If they are unable to view the rationale, they are requested to inform us on [brickworkhelp@brickworkratings.com](mailto:brickworkhelp@brickworkratings.com).

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

### **Brickwork Ratings India Pvt. Ltd.**

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**Cantabil Retail India Limited**

**Annexure-I**

<b>Name of the Bank</b>	<b>Facilities</b>	<b>Tenure</b>	<b>Amount (₹ Crores)</b>
ICICI Bank	Cash Credit	Long Term	15.00
ICICI Bank	Sublimit Cash Credit: Working Capital Demand Loan	Long Term	(15.00)
ICICI Bank	Term Loan	Long Term	3.34
State Bank of India	Cash Credit	Long Term	14.50
State Bank of India	Term Loan	Long Term	1.31
Standard Chartered Bank	Overdraft	Short Term	10.00
Standard Chartered Bank	Sublimit Overdraft: Working Capital Demand Loan	Long Term	(10.00)
Standard Chartered Bank	Sublimit Overdraft: Import Invoice Financing	Short Term	(10.00)
PNB Housing Finance Limited	Term Loan	Long Term	1.11
PNB Housing Finance Limited	Term Loan	Long Term	1.69
Proposed Cash Credit		Long Term	10.05
Standard Chartered Bank	Letter of Credit	Short Term	3.00
<b>Total</b>			<b>60.00</b>

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**Cantabil Retail India Limited**

**Annexure-II**

The following documents/ information should be submitted to BWR:

1. Confirmation from the Company that all the terms and conditions stipulated in the Bank's Term loan sanction letter has been fully complied with.
2. Certified copy of periodical book debts/bills receivables statements submitted to the bank.
3. Confirmation about payment of installment and interest as and when paid.
4. Schedule of Term Loan installments and Interest due and payment made so far.
5. Certified copy of Quarterly Information Statements (QIS) and Half Yearly Information Statements (HYIS) submitted to the bank.
6. Certified copy of Banks' Statements of Accounts on a quarterly basis.
7. Quarterly / Half yearly financial statements (unaudited or with limited review) and Annual financial statements (provisional as well as audited).
8. Information on delays/defaults in servicing bank loans, letters of credit, letters of guarantee, NCDs, bonds and other borrowings, if any, by the Company as at the end of March, June, September and December each year.
9. Information on delays / defaults in servicing of debt obligations of any subsidiary / other group companies, if any, as at the end of March, June, September and December each year.
10. Any other statement / information sought by BWR from time to time.
11. All the aforesaid information shall be mailed to [dat@brickworkratings.com](mailto:dat@brickworkratings.com)

**Brickwork Ratings India Pvt. Ltd.**

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**Rating Rationale**

**Cantabil Retail India Limited**

**2 Apr 2019**

**Brickwork Ratings assigns the long term and short term rating for the Bank Loan Facilities amounting to ₹ 60.00 Crores of Cantabil Retail India Limited. ('CRIL' or 'The Company')**

**Particulars**

<b>Facility</b>	<b>Amount (₹ Crs)</b>	<b>Tenure</b>	<b>Rating*</b>
<b>Fund based (Including Proposed)</b>	<b>47.00</b>	<b>Long Term</b>	<b>BWR BBB+</b> (Pronounced as BWR triple B plus ) <b>Outlook: Stable</b> <b>[Assigned]</b>
	<b>10.00</b>	<b>Short Term</b>	<b>BWR A2</b> (Pronounced as BWR A Two) <b>[Assigned]</b>
<b>Non Fund Based</b>	<b>3.00</b>	<b>Short Term</b>	<b>BWR A2</b> (Pronounced as BWR A Two) <b>[Assigned]</b>
<b>Total</b>	<b>60.00</b>	<b>Rupees Sixty Crores Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for a definition of the ratings.  
Complete details of Bank facilities are provided in Annexure-I

**Long term and Short term ratings Assigned**

**Rationale/Rating sensitivities:**

BWR has essentially relied upon the company's audited financial results of FY16 to FY18, projections for FY19 to FY21, publicly available information and clarifications/information provided by the management.

The ratings draw strength from the extensive experience of promoters and established brand name with strong network exclusive retail outlets spread across the country. Further, the rating also derives comfort from the company's above average financial risk profile.

The ratings are, however, constrained by moderate scale of operations and working capital intensive nature of operations. Further, the rating is also constrained by the company's presence in a highly fragmented and competitive apparel retail industry.

The ability of the company to improve its revenue and profitability resulting in improvement in its capital structure on sustained basis while maintaining comfortable liquidity profile will be the key rating sensitivity factor.

## Description of Key Rating Drivers:

### Credit Strengths:

- Experienced Promoters and Management:** The promoter and managing director of the company Mr. Vijay Bansal, has around three decades of experience in the apparel and garment accessories industry. He is supported by his son Mr. Deepak Bansal who possess around fifteen years of experience in the apparel industry and Mr. Basant Goyal who possess seven years of experience respectively in the apparel industry. The top management is ably supported by a team of well qualified and experienced professionals.
- Established brand name with strong network of stores spread across the country:** The company offers a complete range of formalwear, party-wear, casuals & ultra casual clothing for men, women and kids in the middle to high income group under four brand i.e. “CANTABIL”, “CROZO”, “KANESTON” & “LIL POTATOES” since the year 2000. The company has a strong network of 240 exclusive retail outlets (owned and under franchise model) spread in more than 17 states in India. The established brand name and presence in the industry has helped the company to report growth in revenue and profitability.
- Above average Financial Risk Profile:** The company has above average financial risk profile marked by tangible net worth of Rs.106.40 crore as on 31.03.2018 as against Rs. 84.51 crore in the previous year. The gearing is low with debt to equity ratio at 0.43x as on 31.03.2018 as against 0.47x in the previous year. Further, the debt protection metrics is comfortable with interest coverage ratio at 3.04X and debt service coverage ratio at 4.77X for FY2018. The total outside liabilities to tangible net worth (TOL/TNW) stood at 0.79x as on 31.03.2018 as against 0.92x in the previous year. Going forward, BWR expects the company to maintain above average financial risk profile in the absence of major debt funded capital expenditure plan and moderate increment in working capital requirements.

### Credit risks:

- Moderate Scale of operations:** The company is operating at moderate scale of operations with total operating income of Rs. 196.62 crore for FY 2018 in spite of being in operations for the last three decades. However, the company has reported a healthy compounded annual growth rate (CAGR) of around 12 percent for the last five years ended in FY2018. The growth can be attributed to continuous addition of new stores and growth from the existing stores supported by improvement in the per unit value of the products sold.
- Working Capital intensive nature of operations:** The operations of the company is working capital intensive in nature as the working capital cycle (WCC) stood at 108 days in FY 2018 as against 141 days in the previous year. This is on account of high amount of finished goods inventory to be maintained by the company across its more than 200 retail outlets. However, the company has comfortable liquidity position with the average bank credit limit utilisation of around 83 percent during the last twelve months ended as on 31st January, 2019.
- Highly fragmented and competitive apparel industry:** The company operates in a highly fragmented apparel industry with large number of players in the organised and unorganised sector. The company faces stiff competition from both Indian and International players in the branded apparel

industry. Further, the performance of the apparel industry is highly dependent on the economy of the country. Hence, any slowdown in the economy can adversely impact the customer spending power resulting in lower demand for branded apparel.

#### **Liquidity Position:**

The company has reported strong growth in net cash accruals from Rs. 11.44 crore in FY 2017 to Rs. 18.03 crore in FY 2018 against annual debt repayments of Rs. 2.61 crore. The company has reported comfortable current ratio at 1.49x as on 31.03.2018. Further, the company's average cash credit limit utilisation stood at around 83 percent for the last twelve months ended as on 31st January 2019. Hence, BWR expects the company to maintain comfortable liquidity profile on the back of continuous improvement in net cash accruals with moderate incremental working capital requirement and absence of any major debt funded capital expenditure plan.

#### **Analytical Approach:**

While assigning the Ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

#### **Rating Outlook: Stable**

BWR believes that **Cantabil Retail India Limited's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case of significant improvement in revenues and profitability while maintaining comfortable liquidity profile. The rating outlook may be revised to 'Negative' if the company reports sharp decline in its revenue and profit margins resulting in significant deterioration in its financial risk and liquidity profile.

#### **About the Company:**

CRIL was originally incorporated as "Kapish Sales Private Limited" on February 1989 by Mr. Vijay Bansal and family in New Delhi. Subsequently, in 1995 the name of the company was changed to "Kapish Products Private Limited". In 2008, the operations of group company "Cantabil International Private Limited" was merged with the operations of Kapish Products Private Limited with effect from April 2007. The name of the company was subsequently changed to Cantabil Retail India Private Limited in March 2009. Subsequently in August 2009, the constitution of the company was converted into a public limited company and the name was changed to Cantabil Retail India Limited.

CRIL was initially engaged in trading of garments and garment accessories till the year 2001; later company started designing and manufacturing readymade garments for men. The company launched its brand "CANTABIL" and opened its first store in the year 2000 in New Delhi. The company is currently engaged in the designing, manufacturing, branding and retailing of apparels & apparel accessories through chain of retail stores under the brand name "CANTABIL", "CROZO", "KANESTON" & "LIL POTATOES". The company has a network of 240 exclusive retail outlets (from 184 in 2018) spread in more than 17 states in India. Cantabil brand offers a complete range of formalwear, party-wear, casuals & ultra casual clothing for men, women and kids in the middle to high income group. CRIL is also retailing various accessories like ties, belts, socks, caps and handkerchief under the same brand.

The company operates fully integrated manufacturing units located in Delhi and Bahadurgarh with installed capacity of 13.3 Lakh and 9.0 lakh pieces of clothing per year respectively. The company is also largely dependent on third party fabricators for performance of some of the processes in the apparel manufacturing which includes cutting, stitching and washing.. The company has its own design and product development division which undertakes conceptualization of trend, choice of fabric, color, type of accessories and designing the look of the product and other details. The main raw material is fabric and other accessories such as zip, buttons, thread, tags, labels etc. The raw



material is sourced from various sources including directly from mills, wholesalers and importers.

**Company Financial Performance:**

The Company has recorded a TOI of Rs. 196.62 Crs in FY18 vs. a TOI of Rs. 156.72 Crs in FY17. PAT has increased to Rs. 19.99 Cr in FY18 from Rs. 4.07 Cr in FY17. During the current financial year, the company has achieved a TOI of Rs. 195.78 Crs and a PAT of Rs. 7.50 Crs for FY19 (9M).

**Rating History for the last three years:**

Sl. No.	Instrument/Facility	Current Rating (Year 2019)			Rating History		
		Type	Amount (Rs Crs)	Rating	2019 (March)	2018	2017
1	Fund Based	Long Term	47.00	BWR BBB+ (Pronounced as BWR triple B plus ) Outlook: Stable [Assigned]	BWR BB+/Stable (Pronounced as Double B plus) (Withdrawn)	BWR BB+/Stable (Pronounced as Double B plus) (Issuer not Co-operative)	NA
		Short Term	10.00	BWR A2 (Pronounced as BWR A Two) [Assigned]	NA	NA	NA
3	Non Fund Based	Short Term	3.00	BWR A2 (Pronounced as BWR A Two) [Assigned]	NA	NA	NA
<b>Total: Rs. 60.00 Crs (Rupees Sixty Crores Only)</b>							

**Status of non-cooperation with previous CRA:- Not Applicable**

**Any other information:- Not Applicable**

**Key Financial Indicators**

Key Financial Figures			
Particulars	Unit	FY18 (Audited)	FY17 (Audited)
Operating Income	Rs. Crores	196.62	156.72
EBITDA	Rs. Crores	20.26	18.02
PAT	Rs. Crores	19.99	4.07
Tangible Net Worth	Rs. Crores	106.40	84.51
Total Debt	Rs. Crores	45.48	39.81
Total Debt : Equity	Times	0.43	0.47
Current Ratio	Times	1.49	1.29

**Cantabil Retail India Limited**

**Bank Facilities**

**Annexure - I**

<b>Facilities</b>	<b>Tenure</b>	<b>Amount (₹ Crores)</b>
Cash Credit	Long Term	29.50
Overdraft	Short Term	10.00
Term Loan	Long Term	7.45
Sublimit of Cash Credit: Working Capital Demand Loan	Long Term	(15.00)
Sublimit of Overdraft: Working Capital Demand Loan	Long Term	(10.00)
Sublimit of Overdraft: Import Invoice Financing	Short Term	(10.00)
Letter of Credit	Short Term	3.00
Proposed Cash Credit	Long Term	10.05
<b>Total</b>		60.00

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Manufacturing Companies](#)

Analytical Contacts	Media
Mr. Ravindra Kumar Director-Ratings	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
	Relationship Contact
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

**For print and digital media**

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning



different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER**

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