



March 28, 2018

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

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

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

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. Care Ratings Limited (*formerly known as Credit Analysis & Research Limited*), w.e.f. 27th March 2018. 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
M. No. A22574

Encl.: As above

CANTABIL RETAIL INDIA LTD.

Mr. Shivendra Nigam
CFO
Cantabil Retail India Limited
B-16, Ground Floor,
Industrial Area, Lawrence road
New Delhi-110035

March 27, 2018

Confidential

Dear Sir,

Credit rating for bank facilities

Please refer to your request for rating the bank facilities of your company.

2. The following ratings have been assigned by our Rating Committee:

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	42.00	CARE BBB; Stable (Triple B; Outlook: Stable)	Assigned
Short-term Bank Facilities	13.00	CARE A3+ (A Three Plus)	Assigned
Total facilities	55.00 (Rs. Fifty five crore only)		

3. Refer **Annexure 1** for details of rated facilities.

4. The above rating is normally valid for a period of one year from the date of our initial communication of rating to you (that is Mar 20, 2018).

5. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by Mar 28, 2018, we will proceed on the basis that you have no any comments to offer.

6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

7. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

8. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
9. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
10. CARE ratings are **not** recommendations to sanction, renew, disburse or recall any bank facilities.
11. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



[Nishtha Chugh]
Analyst
nishtha.chugh@careratings.com



[Jasmeen Kaur]
Associate Director
jasmeen.kaur@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**Annexure 1
Details of Rated Facilities**

1. Long-term facilities

1.A. Secured rupee term loan

Sr. No.	Lender	Rated Amount (Rs. Crore)	Remarks	Debt Repayment Terms
1.	PNB Housing Finance Limited	2.97	Outstanding	1. Repayable in equal monthly installments of Rs. 2.38 lakhs till Dec'27 2. Repayable in equal monthly installments of Rs. 1.55 lakhs till Jan'28
3.	Oriental Bank of Commerce	1.90	Outstanding	Repayable in equal monthly installments of Rs. 5.00 lakhs till Jan'21
4.	ICICI Bank	4.37	Outstanding	Repayable in 36 equal installments ending Mar'21
	Total	9.24		

1.B. Fund Based limits

(in Rs. Cr)

Sr. No.	Name of Bank	Fund Based Limits		
		CC*	Others	Total
1	ICICI Bank	15.00	-	15.00
2.	Oriental Bank of Commerce	13.00	-	13.00
3.	Proposed	4.76	-	4.76
	TOTAL	32.76	-	32.76

*CC=Cash credit

Total long-term facilities: Rs. 32.00 crore

2. Short-term facilities

2.A. Fund Based Limits

(in Rs. Cr)

Sr. No.	Name of Bank	Fund Based Limits		
		OD*	Others	Total
1	Standard Chartered Bank	10.00	-	10.00
	TOTAL	10.00	-	10.00

*OD= Overdraft

2.B. Non-Fund Based Limits

(in Rs. Cr)

Sr. No.	Name of Bank	Non Fund Based Limits		
		LCs*	Others	Tenure as per sanction letter
1	Standard Chartered Bank	3.00	-	One year
	TOTAL	218.10	-	

*LC= Letter of Credit

Total Short Term Facilities: Rs. 13.00 cr

Total rated facilities: Rs. 55.00 cr

Annexure 2
Press Release
Cantabil Retail India Limited

Ratings

Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Long term Bank Facilities	42.00	CARE BBB; Stable (Triple B; Outlook: Stable)	Assigned
Short term Bank Facilities	13.00	CARE A3+ (A Three Plus)	Assigned
Total	55.00 (Rs. Fifty five crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Cantabil Retail India Limited (CRIL) factors in the promoters experience with long track record of operations in the industry, established brand name i.e. "Cantabil" with strong presence in India and comfortable financial risk profile. The ratings are, however, constrained on account of working capital intensive nature of operations, moderate scale of operations and intense competition in the industry.

Going forward, the company's ability to increase its scale of operations and improve profitability margins while maintaining its capital structure shall be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters and long track record of operations: Cantabil Retail India Limited (CRIL) is promoted and managed by Mr. Vijay Bansal who has around 28 years of experience in the apparel industry. Mr. Vijay Bansal, Chairman & Managing Director of the company is further assisted by Mr. Deepak Bansal and Mr. Basant Goyal. Mr. Deepak Bansal has around 13 years of experience in the industry and looks after the marketing and advertisement division of the business. Mr. Basant Goyal looks after production, HR and Administration function of the company. The promoters of the company are supported by experienced professionals.

Established brand name with strong presence across India: CRIL launched "Cantabil" as a brand in 2000. It has established itself as a well-known brand in India especially in the northern region. Cantabil brand offers a complete range of formal-wear, party-wear, casuals & ultracausal clothing for men and women in the middle to high income group. Further, the company has established strong presence across India and operates around 180 retail stores (owned and franchise) at various locations.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Comfortable financial risk profile: The financial risk profile of CRIL remained comfortable marked by growing scale of operations, improved profitability and comfortable capital structure. The total operating income of the company has increased at a CAGR of 5% over the past three years to Rs. 161.19 cr in FY17. This is majorly on account of increase in sales volume on account of opening of new stores as well as per unit price. Further, with increase in turnover the operating profitability of the company has also improved as reflected by PBILDT margin of 12.01 % in FY17 as against 10.45% in FY16. This is majorly on account of better absorption of fixed cost as most of its stores have achieved breakeven. During 9MFY18, CRIL reported a turnover of Rs.140.66 cr with PBILDT margins of 12.21% and PAT margin of 4.02%. The overall gearing of CRIL remained low at 0.49x (PY: 0.44x) as on 31st March 2017. Further, other debt coverage indicators marked by TDGCA and interest coverage ratio remained moderate at 3.17 years (PY: 3.14 years) and 3.46 times (PY: 3.26 times) respectively during FY17. The improvement in interest coverage ratio despite higher interest expenses was on account of better profit margins earned during the year.

Key Rating Weaknesses

Working capital intensive nature of operations: The company's operations are working capital intensive as evidenced by operating cycle of 166 days (PY: 154 days) in FY17 primarily owing to high inventory holding period. Since the company operates retail stores also it need to keep a large amount of inventory in the stores as finished goods. Further, the company avails a credit period of 60-90 day on supplies and 60 days on fabric from its suppliers.

CRIL mainly sells through its retail outlets. Approx. 80% of CRIL's sales are to retail customers and sales proceeds are realized immediately. Remaining 20% of sales are through franchisees with which revenue realization takes time of around 60 days. Thus, on an average the collection period is around 20-30 days.

Moderate scale of operations: Despite long track record of operations of about 29 years and increasing operating income levels, the scale of the company continues to remain moderate with total operating income of Rs. 161.19 cr during FY17. The net worth of CRIL stood moderate at Rs.82.05 cr as on March 31, 2017 owing to owing to losses generated by the company between FY12- FY14.

Intense competition: Textile industry is highly competitive and cyclical in nature having few large players and several unorganized regional players. Though Indian apparel industry provides strong opportunity to grow, it is highly competitive marked by presence of some of the large corporate groups. Moreover, growth of the Indian apparel sector is closely linked to the growth of the economy and hence any downturn in economic environment may also slow down the demand for branded apparel in light of discretionary nature of spending on these products.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Rating Methodology-Manufacturing Companies

Financial ratios – Non-Financial Sector

About the Company

Cantabil Retail India Limited (CRIL) was incorporated in Feb, 1989 by Mr. Vijay Bansal. CRIL is engaged in the business of designing, manufacturing, branding and retailing of apparels under the brand name of "Cantabil"; 'Crozo' and 'Kaneston'.

The Company started its garments manufacturing and retailing business in 1989 as Kapish Products Pvt. Ltd. and thereafter he launched Cantabil brand and opened its first Cantabil store in September, 2000 in New Delhi. Cantabil brand offers the complete range of formal-wear, party-wear, casuals & ultracausal clothing for Men and Women.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	155.28	161.19
PBILDT	16.23	19.35
PAT	5.07	4.88
Overall gearing (times)	0.44	0.49
Interest Coverage	3.26	3.46

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	32.76	CARE BBB; Stable
Fund-based - ST-Bank Overdraft	-	-	-	10.00	CARE A3+
Term Loan-Long Term	-	-	Jan 2028	9.24	CARE BBB; Stable
Non-fund-based - ST-Letter of credit	-	-	-	3.00	CARE A3+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Cash Credit	LT	32.76	CARE BBB; Stable	-	-	-	-
2.	Fund-based - ST-Bank Overdraft	ST	10.00	CARE A3+	-	-	-	-
3.	Term Loan-Long Term	LT	9.24	CARE BBB; Stable	-	-	-	-
4.	Non-fund-based - ST-Letter of credit	ST	3.00	CARE A3+	-	-	-	-