

Provogue (India) Limited

December 05, 2017

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	218.68	CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	30.47	CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Total	249.15 (Rupees Two hundred forty nine crore and fifteen lakh only)		

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Provogue India Limited to monitor the rating(s) vide e-mail communications dated November 28, 2017; November 27, 2017; November 16, 2017; May 10, 2017 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings on Provogue India Limited's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***

Users of this ratings (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating takes into account delay in servicing of Bank loans by the company due to liquidity issues faced by it, subsequent invocation of SDR (strategic debt restructuring) by Joint Lender Forum under extant RBI guidelines, further decline in total operating income and deterioration in profitability parameters and further increase in net loss.

Detailed description of the key rating drivers

At the time of last review on March 27, 2017 the following were the rating strengths and weaknesses:

Key Rating Strengths: NIL

Key Rating Weaknesses

Ongoing liquidity stress:

There are ongoing delays in servicing of debt obligations by the company on the back of substantial deterioration in operational and financial performance of the company which has impacted the liquidity position of the company.

Deterioration in financial performance

The company continued to report net loss of Rs.179.81 crore in FY17 (vis-à-vis loss of Rs.194.10 crore) against the total operating income of Rs.465.88 crore. The company's profitability and gross margin further deteriorated to -30.65% and -21.00% respectively.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

About the Company

Provogue (India) Limited (PIL), founded in 1997, is engaged in the manufacture, sale and retail of the fashion apparel products and accessories for men and women under its well-known brand 'Provogue'. PIL operates in the lifestyle retail segment through more than 150 stores spread across 80 locations across India. Furthermore, the company has garment manufacturing plants at two locations, namely, Daman (Gujarat) and Baddi (Himachal Pradesh). Also, the company is engaged in the export of fabrics and garments to African countries.

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

PIL reported a total operating income of R.465.88 crore and net loss of Rs.179.81 crore in FY17 compared to Rs.429.15 crore and net loss of Rs.194.10 crore in FY16.

Status of non-cooperation with previous CRA: NA

Any other information: NA

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.

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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

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 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-Term Loan	-	-	-	58.68	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	102.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	25.47	CARE D; ISSUER NOT COOPERATING*
Fund-based - ST-Bills discounting/ Bills purchasing	-	-	-	5.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-EPC/PSC	-	-	-	58.00	CARE D; ISSUER NOT COOPERATING*

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-Term Loan	LT	58.68	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-17)	1)CARE D (30-Oct-15)	1)CARE BBB (07-Jan-15)
2.	Fund-based - LT-Cash Credit	LT	102.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-17)	1)CARE D (30-Oct-15)	1)CARE BBB (07-Jan-15)
3.	Non-fund-based - ST-Letter of credit	ST	25.47	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-17)	1)CARE D (30-Oct-15)	1)CARE A3 (07-Jan-15)
4.	Fund-based - ST-Bills discounting/ Bills purchasing	ST	5.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-17)	1)CARE D (30-Oct-15)	1)CARE A3 (07-Jan-15)
5.	Fund-based - LT-EPC/PSC	LT	58.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (27-Mar-17)	1)CARE D (30-Oct-15)	1)CARE BBB (07-Jan-15)

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