

## Rating Rationale

Aditi Creation

6<sup>th</sup> April 2017

**Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of Rs. 12.40 Crs of Aditi Creation**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
<b>Fund Based</b>			Long Term	BWR BB- (Pronounced BWR Double B Minus)	<b>Upgraded to BWR BB (Pronounced BWR Double B)</b>
Cash Credit	10.00	10.00			
Term Loan I	3.71	1.97			
Term Loan II		0.43			
<b>Non Fund Based</b>			Short Term	Not rated	<b>Not rated</b>
Bank Guarantee	1.29	1.29**			
<b>Total</b>	<b>15.00</b>	<b>12.40</b>	<b>(INR Twelve Crores Forty lakhs Only)</b>		

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

\*\* The Banker has informed not to rate the BG Exposure.

### Rating Upgraded

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating draws comforts from the extensive experience of the promoters, growth in revenue, increased operating profit margin and satisfactory interest coverage ratio. However the rating is constrained by high gearing level continued stretched cash conversion cycle, intense competition from peers ,working capital intensive operations and , slowdown in textile industry.

The ability of the firm to improve its revenue and profitable margins further , infusion of capital to reduce the gearing level ,manage its working capital efficiently and service the debt obligations promptly would be the rating sensitivities.

#### Rating Outlook: Stable

BWR believes the **Aditi Creation** 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 the revenues and profit show sustained improvement.

The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Firm

Aditi Creation is a partnership firm established in 2002 at Tirupur, Tamil Nadu by Mr. Bharat Bhushan Gogia and Mr. Vineet Kumar Gogia. The firm is engaged mainly in manufacture of cotton based ready-made garments such as menswear, women's wear, kids wear, knit wear, pyjamas, sleep wear, tops and other cotton fabrics. The firm also undertakes production on job work basis for other fabric manufacturers. The firm procures blended yarn which is later processed, knit, embroidered, printed and cut to produce the garments

### Firm Financial Performance

Aditi Creation has reported a Revenue of Rs 49.06 Crs and PAT of Rs 1.61 Crs in FY 16 against Rs 39.67 Crs and Rs 1.49 Crs respectively in FY 15.

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl. no	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount(Rs Crs)	Rating	2016	2015	2014
<b>Fund Based</b>							
1	Cash Credit		10.00	BWR BB	Not rated	BWR BB-	Not rated
2	Term Loan I	Long term	1.97				
3	Term Loan II		0.43				
<b>Non Fund Based</b>							
4	Bank Guarantee	Short Term	1.29*	Not rated	Not rated	Not rated	Not rated
<b>Total</b>			<b>12.40</b>	<b>(INR Tweleve Crores Forty lakhs Only)</b>			

\*The Banker has informed not to rate the BG Exposure.

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Textile Industry](#)
- [Approach to Financial Ratios](#)

For any other criteria obtain hyperlinks from website

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**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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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