

## Rating Rationale

**Brickwork Ratings assigns ‘BWR BB-’ for the Bank Loan Facilities amounting to ₹ 15 Cr of Aditi Creation.**

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for Bank Loan facilities of Aditi Creation (**or the ‘Firm’**):

Facility	Limits (₹ Cr)	Tenure	Rating
<b><u>Fund Based</u></b>		<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR Double B minus)  <b>(Outlook:Stable)</b>
Cash Credit	<b>10.00</b>		
Term Loans	<b>3.71</b>		
<b><u>Non- Fund Based</u></b>			
Bank Guarantee	<b>1.29</b>		
<b>Total</b>	<b>15.00</b>	<b>INR Fifteen Crores only</b>	

BWR has principally relied upon the audited financial results up to FY14, provisional financials for FY15, projected financials up to FY17, publicly available information and information/ clarifications provided by the Firm’s management.

The rating positively factors the extensive industry experience of the promoters, established clientele and increasing y-o-y revenue. However, the rating is constrained by Aditi Creation’s modest scale of operations, stretched operating cycle, intense competition from both organized and unorganized players in a highly fragmented industry and working capital intensive nature of operations.

### Background:

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. The firm sells through a network of agents, wholesalers and retailers. Aditi Creation’s plant has a capacity of 5-6 Lakh garments per month and a team of ~250 employees. The firm has a significant overseas presence with an office, a warehouse and two retail stores in Dubai, UAE.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Management:

Aditi Creation is a family owned partnership firm and the partners are Mr. Bharat Bhushan Gogia, Mr. Vineet Kumar Gogia, Ms. Anitha Gogia and Ms. Sonia Gogia. Mr. Bharat Bhushan Gogia and Mr. Vineet Kumar Gogia are the Managing Partners of the firm having a combined experience of around 50 years in the readymade garments industry while the other partners, Ms. Anitha Gogia and Ms. Sonia Gogia have over 15 and 10 years of experience respectively.

### Financial Performance

Aditi Creation reported net revenue of ₹30.94 Cr and PAT of ₹1.22 Cr in FY14 as against net revenue of ₹25.80 Cr and PAT of ₹1.06 Cr in FY13. As on 31<sup>st</sup> Mar, 2014, the tangible net worth of the Company stood at ₹8.52 Cr. On a provisional basis, the firm reported revenue of ~ ₹39.78 Cr for FY15.

### Rating Outlook:

The rating outlook is expected to be stable over the current year .Going forward, the ability of the Firm to improve its revenues and profitability considering the intense competition in the sector, strengthen its financial risk profile and manage its working capital efficiently will be the key rating sensitivities.

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