

Rating Rationale

Brickwork Ratings assigns ‘BWR BB-’ & ‘BWR A4’ for the Bank Loan facilities amounting to ₹ 6.73 Cr of Anjana Adorables.

Brickwork Ratings has assigned following **Ratings**¹ for the Bank Loan facilities sanctioned by Canara Bank amounting to ₹ 6.73 Cr to Anjana Adorables (*“the firm”*).

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based Term Loan	0.73	Long Term	BWR BB- (Pronounced BWR Double B Minus) (Outlook: Stable)
Fund Based PC/FBD/FBE*	4.00	Short Term	BWR A4 (Pronounced BWR A Four)
Non Fund Based Letter of Credit	2.00		
Total	6.73	INR Six Crores Seventy Three Lakhs Only	

Note: PC/FBD/FBE includes sublimit against PC of ₹ 2.50 Crores

BWR has principally relied upon the audited financials of FY12, FY13 & FY14 and publicly available information and information/clarifications provided by the firm’s management.

The rating factors in the promoters’ experience and the firm’s long track record in readymade garment exports, consistent growth in revenues, moderate debt protection metrics and synergies derived from the group concerns in the similar line of activity. However, the rating is constrained by small scale of operations, thin profit margins, customer concentration risk and slightly stretched working capital cycle due to high inventory and receivable holding levels.

Business Overview:

Anjana Adorables, a partnership concern, was established in Sep 2004. Mr. V Rajendran and Mr. V Gnanasiva Moorthy are the Managing Partners. The firm manufactures readymade hosiery garments for women, and is a part of Greetings group, one of the integrated textile manufacturing and export house in Tirpur, Tamilnadu. The group comprises of Greetings Knit Wears, Greetings Color processors, Greeting Yarn Agencies Pvt Ltd and Anjana Adorables.

Anjana is a govt. recognized export unit and it exports readymade garments to European countries. The firm is associated with top international brands like Zlables, Indiska, Redcaps etc. The firm outsources dyeing work to its associate concern “Greetings Color processors” and compacting to local units in Tirpur, TN.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

During the last three years, the firm has shown consistent growth in operations with improved order book and parallel expansion of production capacity. The Company has reported net profit of ₹0.81 Crores on net sales of ₹21.12 Crores in FY14, as against net profit of ₹0.97 Crores on net sales of ₹13.83 Crores in FY13. As of 31st March 2014, the tangible net worth and unsecured loans from related parties stood at ₹6.17 Crores and ₹1.85 Crores, respectively. The firm has borrowing arrangement with Canara Bank, and except for a small outstanding Term Loan, rest of the facilities relate to working capital needs at pre-shipment and post-shipment levels. The gearing level is moderate at 1.52 times in FY14 (considering unsecured loans as debt).

Rating Outlook:

Going forward, the firm's ability to further scale up its operations, improve profit margins, diversifying customer base, strengthening capital structure and reducing inventory and receivables levels will remain the key rating sensitivities.

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