

**Rating Rationale**

**Anjani Synthetics Ltd**

**2 Apr 2019**

**Brickwork Ratings reaffirms the long term and short term rating for the Bank Loan Facilities amounting to ₹ 82.60 Crores of Anjani Synthetics Ltd. ('ASL' or 'The Company')**

**Particulars**

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2018)	Present
<b>Fund Based</b>	<b>82.20</b>	<b>79.60</b>	Long Term	<b>BWR BBB</b> (Pronounced as BWR Triple B) <b>(Outlook: Stable)</b>	<b>BWR BBB</b> (Pronounced as BWR Triple B) <b>(Outlook: Stable)</b> <b>Reaffirmed</b>
<b>Non Fund Based</b>	<b>3.00</b>	<b>3.00</b>	Short Term	<b>BWR A3</b> (Pronounced as BWR A Three)	<b>BWR A3</b> (Pronounced as BWR A Three) <b>Reaffirmed</b>
<b>Total</b>	<b>85.20</b>	<b>82.60</b>	<b>Rupees Eighty Two Crores and Sixty Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for a definition of the ratings  
Complete details of Bank facilities are provided in Annexure-I

**Long term and Short term ratings Reaffirmed.**

**Rationale/Rating sensitivities:**

BWR has essentially relied upon the company's audited financial results of FY16 to FY18, projections upto FY21, publicly available information and clarifications/information provided by the management.

The rating draws strength from an adequate experience of the promoters in the textile processing industry and average financial risk profile of the company marked by moderate gearing and comfortable debt protection metrics. The ratings are, however, constrained by a stressed liquidity position, shortfall in the envisaged performance of the company in terms of scale of operations and operating profitability for the period FY18 and a highly competitive business and fragmented nature of the industry with the presence of large number of players in both organized and unorganized sector.

The ability of the company to achieve the projections, to improve the profitability, liquidity position, overall scale of operations, and to maintain its working capital efficiently shall be the key rating sensitivity.

**Description of Key Rating Drivers:**

**Credit Strengths:**

- Adequate experience of the promoters in the textile processing industry.
- Average financial risk profile of the company marked by moderate gearing and comfortable debt protection metrics.

**Credit risks:**

- Liquidity position is stretched reflected by Current ratio of 1.24x in FY18 which has been in the declining trend

- from past three years indicating pressure on the liquidity position of the company.
- Shortfall in the envisaged performance of the company in terms of scale of operations and operating profitability for the period FY18.
  - Highly competitive business and fragmented nature of the industry with the presence of large number of players in both organized and unorganized sector.

#### Liquidity Position:

The liquidity position of the company is stressed as on 31.03.2018. The company has adequate sanctioned credit facilities to manage the operations.

#### Analytical Approach:

While assigning the Ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

#### Rating Outlook: Stable

BWR believes the **Anjani Synthetics Ltd's** 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 Company:

Incorporated in 1984, Anjani Synthetics Limited is a grey fabric processor with a processing facility located at Ahmedabad, Gujarat. The company is engaged in the business of processing and finishing activity on a range of fabrics including dress material, suiting material and home furnishing. The Company carries out dyeing and printing of synthetic grey fabric for direct sales as well as job work. The Company is also involved in trading of cotton, grey cloth and synthetic yarns. The company is promoted by the Agarwal family and is listed on the Bombay Stock Exchange (BSE).

#### Company Financial Performance:

The Company has recorded a TOI of Rs. 344.30 Crs in FY18 against Rs. 369.51 Crs in FY17. EBITDA and PAT stood at Rs. 15.69 Crs and Rs. 3.14 Crs respectively in FY18.

During the current financial year, the company has reported a revenue of Rs 236.02 Crs till 31.12.2018 on a provisional basis.

#### Rating History for the last three years:

Sl. No.	Instrument /Facility	Current Rating (Year 2019)			Rating History		
		Type	Amount (Rs Crs)	Rating	22 Feb 2018	30 Mar 2017	2016
1	Fund Based	Long Term	79.60	BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable) Reaffirmed	BWR BBB (Pronounced as BWR Triple B) (Outlook: Stable)	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)	NA
2	Non Fund Based	Short Term	3.00	BWR A3 (Pronounced as BWR A Three) Reaffirmed	BWR A3 (Pronounced as BWR A Three)	BWR A3 (Pronounced as BWR A Three)	NA
Total: Rs. 82.60 Crs (Rupees Eighty Two Crores and Sixty Lakhs Only)							

**Status of non-cooperation with previous CRA:- NA**

Any other information:- Not Applicable

**Key Financial Indicators**

<b>Key Financial Figures</b>			
<b>Particulars</b>	<b>Unit</b>	<b>FY17 (Audited)</b>	<b>FY18 (Audited)</b>
Operating Income	Rs. Crores	369.51	344.30
EBITDA	Rs. Crores	19.06	15.69
PAT	Rs. Crores	3.06	3.14
Tangible Net Worth	Rs. Crores	45.18	55.90
Total Debt	Rs. Crores	89.43	83.61
Total Debt : Equity	Times	1.98	1.50

**Anjani Synthetics Ltd**

**Annexure-I**

**Details of Bank Facilities**

<b>Facilities</b>	<b>Tenure</b>	<b>Amount (₹ Crores)</b>	
		<b>Previous Limits</b>	<b>Present Limits</b>
Cash Credit	Long Term	75.00	75.00
Term Loan	Long Term	7.20	4.60
ILC/FLC	Short Term	2.00	2.00
ILG-Interchangeable with ILC/FLC	Short Term	1.00	1.00
<b>TOTAL</b>		<b>85.20</b>	<b>82.60</b>

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Manufacturing Companies](#)

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER**

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