

## Rating Rationale

### Brickwork Ratings assigns ‘BWR BBB- (SO)’ & ‘BWR A3 (SO)’ for Bank Loan Facilities of Anubha Industries Private Limited’s amounting to ₹ 155.41Cr

Brickwork Ratings assigns the following **Rating<sup>1</sup>** for bank loan facilities of Anubha Industries Private Limited (“AIPL” or “the company”)

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based: <b>Cash Credit Term Loan</b>	<b>40.00 111.86</b>	<b>Long Term</b>	<b>BWR BBB- (SO)</b> [Pronounced BWR Triple B Minus (Structured Obligation)]  <b>(Outlook – Stable)</b>
Fund Based: <b>Bank Guarantee</b>	<b>3.55</b>	<b>Short Term</b>	<b>BWR A3 (SO)</b> [Pronounced BWR A Three (Structured Obligation)]
<b>Total</b>	<b>155.41</b>	<b>INR One Hundred and Fifty Five Crores &amp; Forty One Lakhs only</b>	

BWR has relied upon AIPL’s audited financial statements of up to FY15, provisional projected financials of up to FY18, and the information/clarifications provided by the Company.

The ‘SO’ suffix indicates that BWR has factored credit enhancement based on unconditional & irrevocable corporate guarantee of Spectrum Dyes & Chemicals Pvt. Ltd, the flagship company of the Group.

The rating factors, inter alia, wide experience of the promoters in diverse segments of the textile value-chain, favorable location of manufacturing unit and successful commencement of its green field project. Corporate guarantee of Spectrum Dyes & Chemicals Pvt Ltd also is considered, as indicated above. The ratings are however constrained on account of initial stage of operations, presence in fragmented industry with large number of players in the market. The rating is further constrained on account of working capital intensive nature of the operations and exposure to volatility in key raw material prices.

### Company Background

AIPL was incorporated in 2012 for manufacturing of denim and cotton fabrics. The Company completed its green field project and started commercial production from October 2014. The total cost of the project was Rs.175.87 crore which was funded with a debt of Rs118.5Cr, Equity of Rs48.78Cr and Capital subsidy of Rs8.59Cr with installed capacity of 20mn meters per annum (MMPA).

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

AIPL is promoted by “Pratibha Group” based out of Surat, in Gujarat. The group is old group having business interests in the field of textile and related business segments since 1982. The main promoter of the group is Chaudhary Family. The group has several entities in diverse businesses such as textile processing houses, manufacturing of disperse dyes, manufacturing of nylon yarn, weaving of linen fabrics and embroidery work, etc. The major raw material required is 100% cotton which is majorly procured from Gujarat, Maharashtra, Rajasthan and Madhya Pradesh. AIPL is eligible for various benefits/subsidies under various schemes floated by the GOI and Govt. of Gujarat under various textiles policies.

### Financial Performances

Commercial production was started October 14. Within the first year of operations the company posted revenue of Rs25Cr in FY15. However, it has reported losses at operating and net level. Tangible Net worth stood at Rs41.68 as of March 2015. Company reported revenue of Rs78Cr as of September 2015,

### Guarantor: Spectrum Dyes & Chemicals Pvt. Ltd (Spectrum)

Spectrum, incorporated during 1989, is the flagship company of Pratibha group, and is engaged in manufacturing of disperse dyes used in dyeing and printing of polyester fibre / fabric. Manufacturing Unit is located at Palsana, Surat, Gujarat and manufactures around 150 different shades of disperse dyes with installed capacity of 11,250 MTPA as of 31st Mar’2015 with approx. 95% capacity utilization. The company has reported gross revenues of ₹360.34 Crores and net profit of ₹10.19 Crores with Net worth at ₹102.93 Crores for FY15.

### Outlook

The company’s ability achieve the projected level of production and sales with profitability, increase the scale of operations and manage risk associated with fluctuation in raw material prices along with the competition will be the key rating sensitivities.

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