

Rating Rationale

Anubha Industries Pvt. Ltd.

14th March 2017

Brickwork Ratings revises the ratings for the Bank Loan Facilities of Anubha Industries Pvt Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based Cash Credit Term Loan	40.00 111.86	55.00 112.00	Long Term	BWR BBB- (SO) (Pronounced BWR Triple B Minus) (Structured Obligation) Outlook: Stable	BWR BBB- (Pronounced BWR Triple B Minus) Outlook:Stable
Non-Fund Based Bank Guarantee (BG)	3.55	3.55	Short Term	BWR A3(SO) (Pronounced as BWR A Three) (Structured Obligation)	BWR A3 (Pronounced as BWR A Three)
Total	155.41	Rs. 170.55 Crores INR One Hundred Seventy Crore and Fifty Five Lakhs Only			

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Revised

Rationale/Description of Key Rating Drivers

BWR has essentially relied upon audited financial results up to FY16, projected financials for FY17 & FY18, provisional financials till September 2016, publicly available information and information provided by the management.

The ratings assigned to the bank facilities of Anubha Industries Pvt Ltd (AIPL) continue to factor the promoter's experience in the denim industry, stabilization of the newly established



manufacturing facility, the Company's efforts at improving operational efficiency and demonstrated growth in revenues over FY15. However, the ratings are constrained by limited scale of business, weak debt protection metrics and stretched working capital cycle.

Rating sensitivities:

Going forward, the Company's ability to register consistent growth in turnover with an increase in profitability margins and prudent management of its working capital will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the Anubha Industries Pvt Ltd. 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

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. 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 such as TUFS and Schemes by Govt. of Gujarat under various textiles policies.

Company Financial Performance

Company generated total operating income of ₹ 204.64 Crs. in FY16 as compared to ₹ 25.12 Crs. in FY 15. Profit after tax of company stood at ₹ 5.39 Crs. in FY16 against negative PAT of ₹ 4.56 Crs. in FY15. As per 9MFY17 provisional financials, AIPL has achieved total operating income of ₹ 125.76 Crs. and EBITDA of ₹ 14.28 Crs.

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term / Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	55.00	BWR BBB- (Outlook: Stable)	BWR BBB- (SO)	NA	NA
2	Term Loan	Long Term	112.00		(Outlook: Stable)		
3	Bank Guarantee (BG)	Short Term	3.55	BWR A3	BWR A3 (SO)	NA	NA

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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For print and digital media

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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 Investors queries can be sent to 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.

DISCLAIMER

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