

Rating Rationale

Brickwork Ratings has Upgraded the ratings to ‘BWR BB+’ for the long term Bank Loan Facilities & Reaffirms rating at ‘BWR A4’ for the short term Bank Loan Facilities aggregating ₹ 37.88 Cr to Anugraha Fashion Mill Pvt Ltd.

Brickwork Ratings has *upgraded/reaffirmed* the following **Ratings¹** for the bank loan facilities of Anugraha Fashion Mill Pvt Ltd ('AFMPL' or 'the Company').

Facility	Previous Limits(₹ Cr)	Present Limits(₹ Cr)	Tenure	Rating	Rating History
Fund Based: Term Loan	17.52	5.72	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook-Stable)	BWR B+ (Pronounced BWR B Plus) (Outlook-Stable) (Sep, 2014)
Fund Based: OCC	3.00	3.00			
Fund Based: FCLR	-	4.16			
Non-Fund based PC/PCFC/FDB/FBE/BRD	25.00	25.00	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Sep, 2014)
Total	45.52	37.88	INR Thirty Seven Crores and Eighty Eight Lakhs only		

BWR has principally relied upon the audited financials from FY 12 to FY14, provisional financials of FY 15 and projected financials for FY 16 and FY 17 of Anugraha Fashion Mill Pvt Ltd (“AFMPL” or “the Company”), publicly available information and information/clarifications provided by the management.

The rating has, inter alia, factored the promoters experience in the textile industry, track record for the past 27 years, improvement in turnover, sustained profit margins, improved net-worth levels, funds infusion in the form of unsecured loans, moderate gearing with strong debt protection metrics, integrated manufacturing facilities and long term relationships with clients. However the ratings are constrained by stretched liquidity position, volatile raw material prices and intense competition in the highly fragmented sector.

Background:

The Company was earlier known as Fab N Fabrics. It was started as a partnership firm in 1988. Mr. P Moghan and Mrs. P Raajeshwari were the partners. The Company is located in Tirupur.

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

In 2008 the firm was changed into a Pvt. Ltd Company and the name was changed to Anugraha Fashion Mill Pvt. Ltd. Mr. P Moghan, Mrs. P Raajeshwari and Mr. M Manoj Prabhakar are the directors of the company.

The company is engaged in spinning cotton yarn and manufacturing hosiery garments for exports. The export surplus is then sold domestically. The company's range of products caters to Men, Women, Children and Infants. The product line of the company includes Basic T-shirts, Polo Shirts, Nightwear, Innerwear, Pullovers, Cardigans, leggings, etc. The spinning and knitting division are located at Vattamalai. The processing (Dyeing/Cutting) division is located in Perundurai. The garmenting division is located in Muthanampalayam Road, Nallur.

Financial Performance:

The firm has reported net sales of ₹ 96.63 Cr in FY 14 against ₹ 94.49 Cr in FY 13. It has registered net profit of ₹ 2.71 Cr in FY 14, as against net profit of ₹ 3.84 Cr in FY 13. Tangible net worth of the firm stood at ₹ 25.63 Cr as on 31 Mar 2014. As per provisional financials, the company has achieved turnover of Rs.109.96 Cr for FY 15.

Rating Outlook

AFMPL's performance over the next year is expected to be stable. Going forward, the firm's ability to increase the scale of operations and profitability and address the liquidity issues would be the key rating sensitivities.

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