

Rating Rationale

Brickwork Ratings revises ratings for long term Bank Loan Facilities of ₹ 20.52 Cr to ‘BWR B+’ & reaffirms rating at ‘BWR A4’ for short term Bank Loan Facilities of ₹ 25 Cr of Anugraha Fashion Mill Pvt. Ltd.

Brickwork Ratings revises **Ratings¹** for long term Bank Loan Facilities to ‘BWR B+’ & reaffirms rating at ‘BWR A4’ for short term bank loan facilities as follows:

Facility	Previous (₹ Cr)	Present (₹ Cr)	Tenure	Rating	Rating History
(Fund Based) Term Loan	21.59	17.52	Long Term	BWR B+ (Pronounced BWR B Plus) (Outlook: Stable)	BWR C (Pronounced BWR C) (July 2013)
(Fund Based) OCC	3.00	3.00			
(Fund Based) PC/FDB/FBE	25.00	25.00	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) (July 2013)
Total		45.52	(INR Forty Five Crores and Fifty Two Lakhs only)		

BWR has principally relied upon the audited financial results up to FY13, provisional financials of FY14, financial projections publicly available information and information/clarification provided by the Company management.

The rating revision factors improvement in scale of operations , stable margins and improvement in networth . The rating continues to factor experience of promoter in textile business and vertically integrated business operations. However, the rating is constrained by high gearing levels, stretched liquidity position, volatile raw material prices and intense competition in the highly fragmented and cyclical textile industry.

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. 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 and Mrs. P Raajeshwari are the current directors. Mr. P Moghan’s son Mr. M Manoj Prabhakar joined the company recently after completing his MBA.

The company is engaged in spinning cotton yarn and manufacturing hosiery garments for exports. There are also domestic sales of the export surplus. The company’s range of products caters to Men, Women, Children and Infants. The product line of the company includes Basic T-

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

shirts, Polo Shirts, Nightwear, Innerwear, Pullovers, Cardigans, leggings, etc. The spinning and knitting division are located at Vattamalai. The processing (Dyeing/Cutting) division which is operated by associate firm Free Look Fashions is located in Perundurai. The garmenting division is located in Muthanampalayam Road, Nallur. The Company currently has 6 exports clients.

Financial Performance:

Total operating income from operations of the company increased marginally from ₹ 100.41 Crores in FY13 to ₹ 101 Crores in FY14. EBIDTA has been around ₹ 13.7 Crores in the last 2 years and PAT stood at ₹ 3.62 Crores for FY14. The firm had a net worth of ₹ 15.04 Crores as on 31.03.14.

Rating Outlook:

The rating reflects the position of the Company in the textile manufacturing and export industry. Going forward, improving the capital structure, efficient utilization of working capital and meeting the projected revenue and profitability margins will be the key rating sensitivity factors.

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