

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 85.20 Cr of Anunay Fab Ltd.

Brickwork Ratings has assigned following **Ratings**¹ for Bank Loan Facilities of Anunay Fab Ltd (*AFL or the 'Company'*).

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based: CC/ PC/ PCFC/ FBP/ FBD/ FCBP/ FCBD/ FBN	66.00	Long Term	BWR BB- (BWR Double B Minus) (Outlook: Stable)
Fund Based: Standby limit: PC/ PCFC/ FBP/ FBD/ FCBP/ FCBD/ FBN	13.20	Short Term	BWR A4 (BWR A Four)
Non Fund Based: LC	6.00		
Total	85.20	INR Eighty Five Crores & Twenty Lakhs only	

*The above fund based limits are fully interchangeable in one another but the total limit should not exceed ₹ 79.20 Cr.

The rating, inter alia, factors the experience of promoters in the textile business, growth in revenue during FY14, moderate net worth and established relationships with its export customers. The rating is, however, constrained by the Company's working capital intensive operations due to high inventory holding days, low profitability and the intensely competitive home-textile market.

BWR has essentially relied upon audited financial results up to FY13, provisional financial results for FY14, projected financials for FY15, publicly available information and information provided by the management.

Background:

Anunay Fab Ltd was incorporated on May 26, 1992 as a Private Limited Company. The Company was then converted into a Public Limited Company on November 23, 2005. The Company's registered office is located at Ambawadi, Ahmedabad and is promoted by Mr Purshottam Agrawal and Mr Anjani Agrawal.

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

The Company is engaged in the manufacture and export of Home Textiles like Bed Sheets, Curtains, Towels, Cotton fabrics, Pillow covers, Cushion covers, etc.

The company purchases Grey Cloth which is later processed, printed, cut and stitched to produce the furnishings. Processing of Grey Cloth is outsourced, whereas the other processes are carried out at the Company. The Company is recognized as a “Two star Export House” by the Government of India. Around 67 per cent of AFL’s revenues are generated from exports to USA, Europe, etc., while the rest is from local sales.

Financial Performance:

AFL’s net revenue from operations was more or less stagnant at ₹ 271.11 Cr in FY13 (₹ 267.07 Cr in FY12). Profit margins are low, and in FY13, the Company reported a net profit after tax of ₹ 0.40 Cr. Their net worth stood at ₹ 31.43 Cr as of March 31, 2013. The company has some Term Loans from SIDBI, apart from working capital facilities from their bankers. As on March 31, 2013, Overall Debt: Equity Ratio was around 3.19 times and Long Term Debt: Equity Ratio was low at 0.34 times.

The Company has informed that as per provisional financial statements, they have recorded a 19.51% increase in net revenue from ₹ 271.11 Cr in FY13 to ₹ 324.00 Cr in FY14.

Rating Outlook:

AFL’s performance over the next year is expected to be stable. Going forward, the Company’s ability to scale up operations with value added products, manage forex risk, improve profitability and efficiently manage working capital, especially inventory will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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