Rating Report

Brickwork Ratings reaffirms rating at "BWR BB-" & "BWR A4" for the enhanced Bank Loan Facilities amounting to Rs 9.12 Crores of Anjana Adorables.

Brickwork Ratings has reaffirmed **Ratings**[1] for the enhanced bank loan facilities of Rs 9.12 Crores (Rupees Nine crores and twelve lakhs Only) of Anjana Adorables ("AA" or the "Firm") as follows:

Facility	Present (Limits) (₹ Crs)	Previous (Limits) (₹ Crs)	Tenure	Rating	Rating History (Nov, 2014)
Term Loan (Fund based)	**2.12**	**0.73**	**Long Term**	**Reaffirmed at BWR BB-** (Pronounced BWR Double B Minus) **(Outlook: Stable)**	**BWR BB-** (Pronounced BWR Double B Minus) **(Outlook: Stable)**
PC/FBD/FBE* (Fund based)	**5.00**	**4.00**	**Short Term**	**Reaffirmed at BWR A4** (Pronounced BWR A Four)	**BWR A4** (Pronounced BWR A Four)
Letter of Credit (Non Fund based)	**2.00**	**2.00**			
Total	**9.12**	**6.73**	**INR Nine crores and twelve lakhs Only**		

**PC/FDB/FBE includes sublimit against PC of ₹4.00 Crores.*
*** Bank details has been mentioned in annexture .*

BWR has essentially relied upon the audited financial results up to FY15 and projections upto FY18, publicly available information and information/clarifications provided by the company's management.

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

The rating draws strength from the long established track record of the firm, partners's experience in the sector, moderate gearing levels, diversified product portfolio, established relationship with its customers, moderate profitability indicators and group support in the same line of business.

However, the rating is constrained by AA's constitution as a partnership, moderate scale of operations, decrease in revenues in FY15, intense competition in the export of ready-made garments, susceptibility of earnings to volatility in foreign exchange rates and raw material prices.

Background:
Anjana Adorables, a partnership concern, was established in Sep 2004. Mr. V Rajendran and Mr. V Gnanasiva Moorthy are the Managing Partners. The firm manufactures readymade hosiery garments for women, and is a part of Greetings group, an integrated textile manufacturing and export house in Tirupur, Tamilnadu. The group comprises of Greetings Knit Wears, Greetings Color processors, Greeting Yarn Agencies Pvt Ltd and Anjana Adorables. The firm is associated with top international brands like Zlables, Indiska, Redcaps etc.

Financial Performance:
Net revenues have decreased to Rs 18.08 Crs in FY15 against Rs 21.12 Crs in FY14. Profit after tax (PAT) has decreased to Rs 0.25 Crs in FY15 as against Rs 0.81 Crs in FY14. During FY15, net profit margin and operating profit margin of the company stood at 1.21% and 9.48%respectively.

Tangible net worth of the firm stood at Rs. 6.42 Crs as on FY15. The firm has reported a current ratio of 1.25 times as on FY15.

Credit Risk factors :

- The prices of raw materials are very volatile and any upside movement in the prices will directly impact the profitability of the company limiting the financial flexibility.
- The firm has a stretched cash conversion cycle of 168 days in FY15 which may impact the short term liquidity position of the company.
- Anjana Adorables is operating in a highly competitive industry with a large number of players reducing the bargaining power with the customers.
- Partner's capital of the firm is low at ₹ 6.42 Crores for FY15. Improvement in partner's capital in the future will be an important factor.
- Liquidity position of the firm is moderate as reflected by a current ratio of 1.25 times. However, an ISCR of 2.18 times & DSCR of 1.33 times in FY15 reflects adequate debt/interest servicing protection.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the firm to increase the scale of operations, improve profitability and manage volatility in exchange rates and raw material prices would 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

Anjana Adorables

Annexure-I

Bank/Financial Institutionncial Details

Name of the Bank/Financial Institution	Facility	Present (Limits ₹ Crs)	Previous (Limits ₹ Crs)	Tenure
SIDBI , Tirupur	**Term Loan** (Fund based)	**2.12**	**0.73**	**Long Term**
Canara Bank, Tirupur	**PC/FBD/FBE*** (Fund based)	**5.00**	**4.00**	**Short Term**
	Letter of Credit (Non Fund based)	**2.00**	**2.00**	
Total		**9.12**	**6.73**	

**PC/FDB/FBE includes sublimit against PC of ₹ 4.00 Crores.*

Anjana Adorables
Annexure II
Profit & Loss Account

Crores	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Gross Sales	13.83	21.12	18.08
Net Sales	13.83	21.12	18.08
Other Operating Income	-0.03	1.13	2.52
Total Operating Income	**13.80**	**22.25**	**20.60**
Raw Material Consumed	5.71	10.66	9.45
Power and Fuel Expenses	0.43	0.37	0.50
Employee Cost	1.51	2.00	2.47
Manufacturing Expenses	4.17	5.78	4.88
Cost of Goods Sold	**11.83**	**18.81**	**17.30**
Selling, General and other Administrativ	-0.02	1.74	1.35
Operating Expenses	11.81	20.55	18.65
OPBDIT	**1.99**	**1.70**	**1.95**
Depreciation/Amortization/Impairment	0.71	0.70	1.10
OPBIT	**1.29**	**1.00**	**0.85**
Interest and Finance Charges	0.59	0.57	0.90
OPBT	**0.70**	**0.42**	**-0.05**
Non Operating Income(Expenses)	0.27	0.38	0.30
PAT	**0.97**	**0.81**	**0.25**

Anjana Adorables
Annexure III
Balance Sheet as on 31st March

Crores	2013	2014	2015
Result Type	**Audited**	**Audited**	**Audited**
Liabilities			
Partner's Capital	**5.51**	**6.17**	**6.42**
Capital	4.54	5.36	6.17
Reserves and Surplus	0.97	0.81	0.25
Non-current liabilities	4.20	5.58	4.56
Long-Term Borrowings	**4.20**	**5.58**	**4.56**
Current liabilities	**7.24**	**6.06**	**11.40**
Short-Term Borrowings	3.63	3.79	5.37
Current Portion Of Long Term Debt	0.00	0.00	0.00
Trade Payables	3.24	0.85	5.12
Other Current Liabilities	0.21	1.22	0.91
Short-Term Provisions	0.16	0.20	0.00
Total Liabilities	**16.94**	**17.82**	**22.38**
ASSETS			
Non-current assets	**8.11**	**7.51**	**8.12**
Net Fixed assets	8.11	7.51	8.12
Current assets	**8.84**	**10.30**	**14.26**
Inventories	3.80	3.79	5.03
Trade Receivables	3.74	4.86	4.96
Cash and Cash Equivalents	0.06	0.14	0.05
Short-Term Loans and Advances	0.81	0.58	3.21
Other Current Assets	0.44	0.94	1.01
Total Assets	**16.94**	**17.82**	**22.38**

Anjana Adorables
Annexure IV
Key Ratios

PARAMETER	UOM	FY13 Audited	FY14 Audited	FY15 Audited
Long Term Borrowings	**Crores**	**4.20**	**5.58**	**4.56**
Short Term Borrowings	**Crores**	**3.63**	**3.79**	**5.37**
Current Portion of Long Term Debt	Crores	0.00	0.00	0.00
Total Debt	**Crores**	**7.83**	**9.37**	**9.92**
Total Debt (Analyzed)	Crores	6.90	8.45	8.73
Tangible Net Worth	**Crores**	**5.51**	**6.17**	**6.42**
Tangible Net Worth (Analyzed)	Crores	6.43	7.10	7.62
Capital Employed	**Crores**	**13.33**	**15.54**	**16.35**
Total Debt/TNW	**Times**	**1.42**	**1.52**	**1.55**
Total Debt/TNW(Analyzed)	Times	1.07	1.19	1.15
Long Term Debt/TNW	Times	0.76	0.90	0.71
TOL/TNW	Times	1.74	1.59	2.11
ISCR	**Times**	**3.39**	**2.96**	**2.18**
DSCR	Times	2.21	1.78	1.33
DSCR(Analyzed)	**Times**	**1.59**	**1.18**	**1.30**
Net Cash Accruals/Total Debt	Times	0.22	0.17	0.13
Net Cash Accruals/Long Term Debt	Times	0.41	0.28	0.29
Net Cash Accruals/Long Term Debt(Analyzed)	Times	0.52	0.33	0.39
Net Profit Margin	**%**	**7.02**	**3.64**	**1.21**
Operating Profit Margin	**%**	**14.44**	**7.64**	**9.48**
ROCE	**%**	**11.30**	**6.92**	**5.31**
Current Ratio	Times	1.22	1.70	1.25
Days Receivables	**Days**	**64**	**74**	**99**
Days Inventory	Days	87	74	93
Days Payable	**Days**	**18**	**12**	**24**
Conversion Cycle	**Days**	**134**	**136**	**168**