

## Rating Report

**Brickwork Ratings has upgraded the ratings to 'BWR BB+' for the long term Bank Loan Facilities and reaffirms rating at 'BWR A4' for the short term Bank Loan Facilities aggregating to ₹ 37.88 Crores of Anugraha Fashion Mill Pvt Ltd**

Brickwork Ratings has upgraded/reaffirmed the following **Ratings**<sup>1</sup>for the bank loan facilities of Anugraha Fashion Mill Pvt Ltd ('AFMPL' or 'the Company').

Facility	Previous (Limits) (₹ Crs)	Present (Limits) (₹ Crs)	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	BWR A4 (Sep, 2014)
<b>Total</b>	<b>45.52</b>	<b>37.88</b>	<b>INR Thirty Seven Crores and Eighty Eight Lakhs only</b>		

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. 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.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

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

### Credit Risk Determinants :

The promoters of the company has vast experience in the textile industry and the company's existence in the business for more than 27 years. The turnover of the company has improved in FY 15. Despite continuous growth in terms of turnover the company's profit margins are sustained. Improved net-worth levels in FY 15. Fund infusion from the directors of Rs.5.03 crores in the form of unsecured loans. The company has a moderate debt equity of 1.18 times and strong ISCR of 4.52 times in FY 15. The company has integrated manufacturing facilities.

Stretched liquidity position, the company has reported current ratio of 0.96 times in FY 15, this may put pressure on liquidity, which is a major concern. Volatile raw material prices will have impact on profitability. The company operates in highly fragmented sector and thus faces intense competition from the other players in the sector.

### 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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**Annexure I: Profit & Loss Account**

**Anugraha Fashion Mill Pvt Ltd**

<b>Crores</b>	<b>FY12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Provisional</b>
Gross Sales	73.11	94.49	96.63	109.96
<b>Net Sales</b>	<b>73.11</b>	<b>94.49</b>	<b>96.63</b>	<b>109.96</b>
Other Operating Income	5.15	5.92	5.32	3.97
<b>Total Operating Income</b>	<b>78.26</b>	<b>100.41</b>	<b>101.94</b>	<b>113.93</b>
<b>Operating Expenses</b>	<b>65.20</b>	<b>86.60</b>	<b>87.72</b>	<b>98.22</b>
<b>OPBDIT</b>	<b>13.06</b>	<b>13.81</b>	<b>14.23</b>	<b>15.71</b>
Depreciation/Amortization/Impairment	5.50	5.64	5.73	5.91
<b>OPBIT</b>	<b>7.56</b>	<b>8.17</b>	<b>8.50</b>	<b>9.80</b>
Interest and Finance Charges	5.89	4.70	3.92	3.48
<b>OPBT</b>	<b>1.67</b>	<b>3.47</b>	<b>4.57</b>	<b>6.32</b>
Non Operating Income(Expenses)	0.95	1.29	1.37	7.47
<b>PBT</b>	<b>2.62</b>	<b>4.76</b>	<b>5.95</b>	<b>13.79</b>
Extraordinary/Prior Period - Income(Expense)	-0.07	-0.05	-1.56	-0.09
Provision for Taxes	0.21	0.87	1.67	0.06
<b>PAT</b>	<b>2.34</b>	<b>3.84</b>	<b>2.71</b>	<b>13.64</b>

**Annexure II: Balance Sheet**  
**Anugraha Fashion Mill Pvt Ltd**

<b>Crores</b>	<b>FY12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Provisional</b>
<b>EQUITY AND RESERVES</b>	<b>7.58</b>	<b>11.42</b>	<b>25.63</b>	<b>39.27</b>
Share capital	4.95	4.95	9.95	9.95
Reserves and Surplus	2.63	6.47	15.68	29.32
<b>Non-current liabilities</b>	<b>39.45</b>	<b>32.97</b>	<b>16.34</b>	<b>17.15</b>
Long-Term Borrowings	39.29	32.97	16.34	17.15
Deferred tax Liabilities (Net)	0.15	0.00	0.00	0.00
<b>Current liabilities</b>	<b>31.97</b>	<b>34.31</b>	<b>41.12</b>	<b>38.85</b>
Short-Term Borrowings	21.26	18.56	22.64	20.47
Current Portion Of Long Term Debt	6.78	6.40	6.28	8.84
Trade Payables	3.35	8.30	10.57	9.31
Other Current Liabilities	0.00	0.00	0.02	0.15
Short-Term Provisions	0.58	1.05	1.62	0.08
<b>Total Liabilities</b>	<b>79.00</b>	<b>78.70</b>	<b>83.10</b>	<b>95.27</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>50.39</b>	<b>48.33</b>	<b>47.94</b>	<b>57.89</b>
Net Fixed assets	49.60	47.71	42.92	52.35
Non Current Investments	0.02	0.02	4.51	4.51
Long Term Loans and Advances	0.77	0.60	0.51	1.04
<b>Current assets</b>	<b>28.61</b>	<b>30.37</b>	<b>35.16</b>	<b>37.38</b>
Inventories	15.64	16.83	23.16	20.95
Trade Receivables > Six Months	1.20	0.02	0.56	0.00
Trade Receivables < Six Months	6.26	4.91	2.96	6.73
Cash and Cash Equivalentts	0.17	0.59	1.65	0.52
Short-Term Loans and Advances	3.73	3.00	3.09	4.51
Other Current Assets	1.61	5.03	3.74	4.67
<b>Total Assets</b>	<b>79.00</b>	<b>78.70</b>	<b>83.10</b>	<b>95.27</b>

**Annexure III: Key financial Ratio's**

**Anugraha Fashion Mill Pvt Ltd**

<b>Crores</b>	<b>FY12</b>	<b>FY 13</b>	<b>FY 14</b>	<b>FY 15</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Provisional</b>
Long Term Borrowings	39.29	32.97	16.34	17.15
Short Term Borrowings	21.26	18.56	22.64	20.47
Current Portion Of Long Term Debt	6.78	6.40	6.28	8.84
Total Debt	67.34	57.93	45.26	46.46
Total Debt ( Analyzed)	49.55	40.15	38.97	35.17
Tangible Net Worth	7.58	11.42	25.63	39.27
Tangible Net Worth (Analyzed)	25.37	29.20	31.92	50.56
Capital Employed	75.07	69.35	70.89	85.73
Total Debt/TNW	8.88	5.07	1.77	1.18
Total Debt/TNW(Analyzed)	1.95	1.37	1.22	0.70
Long Term Debt/TNW	5.18	2.89	0.64	0.44
TOL/TNW	7.07	4.33	2.00	1.14
ISCR	2.22	2.94	3.63	4.52
DSCR	2.33	1.23	1.20	2.36
DSCR(Analyzed)	2.33	1.23	1.15	2.24
Net Cash Accruals/Total Debt	0.11	0.16	0.19	0.42
Net Cash Accruals/Long Term Debt	0.19	0.28	0.52	1.14
Net Cash Accruals/Long Term Debt( Analyzed)	0.35	0.61	0.84	3.34
Net Profit Margin	2.99	3.82	2.66	11.97
Operating Profit Margin	16.69	13.75	13.96	13.79
ROCE	10.07	11.31	12.12	12.51
Current Ratio	0.89	0.89	0.86	0.96
Days Receivables	37	24	16	17
Days Inventory	108	77	93	91
Days Payable	19	26	42	45
Conversion Cycle	126	75	66	63