

Anushree Sarees Private Limited

April 03, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	19.80	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

Anushree Sarees Private Limited (ASPL) has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on ASPL's bank facilities will now be denoted as CARE BB+; Stable/ CARE A4+ Issuer Not Co-operating*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The reaffirmation in the ratings assigned to the bank facilities of ASPL is on account of moderate scale of operations and profitability as well as stretched liquidity position and moderate debt coverage indicators during FY23 (refers to the period from April 1 to March 31). The ratings are further constrained on account of susceptibility of its profitability to volatile raw material prices on account of it being a derivative of crude oil and presence in a fragmented and cyclical textile industry. The ratings, however, continues to derive strength from its comfortable capital structure during FY23 along with experienced promoters in the textile industry with in-house designing team and location advantage being present in the textile hub of Surat.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on March 08, 2023, the following were the rating strengths and weaknesses (updated for the information available from Audit report of FY23).

Key weaknesses

Moderate scale of operations along with moderate profitability: During FY23, total operating income of ASPL declined however, continued to remain moderate at Rs.110.92 crore as against Rs.120.62 crore during FY22. ASPL's profitability continued to remain moderate marked by PBILDT margin of 8.74% during FY23 as against 8.28% during FY22. PAT margin remained at 3.84% during FY23 as against 4.64% during FY22 on account of higher depreciation and finance charges.

Moderate debt coverage indicators: Debt coverage indicators of ASPL during FY23 weakened marked by total debt to Gross cash accruals (TDGCA) of 8.47 years as on March 31, 2023, as against 5.02 years as on March 31, 2022. Interest coverage ratio of ASPL declined and remained at 2.94x during FY23 as against 4.61x during FY22 on account of higher finance charges coupled with decline in profitability.

Profitability susceptible to raw material price volatility: The primary raw material used in preparation of manmade textile products is polyester yarn. Polyester being the derivative of crude oil; the prices of yarn fluctuate in close correlation to crude oil prices. Hence, any volatility in the prices of yarns may impact the profitability of ASPL.

Presence in a fragmented and cyclical textile industry: Textile industry is highly fragmented in nature due to the presence of large number of unorganized players leading to high competition in the industry. Smaller players are more vulnerable to intense competition, which constrains their profitability as compared to larger integrated textile companies who have better operating efficiencies. Furthermore, textile is a cyclical industry and closely follows the macroeconomic business cycle. Any shift in macroeconomic environment would have an impact on the domestic textile industry.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key strengths

Comfortable capital structure: As on March 31, 2023, ASPL's capital structure remain comfortable marked by overall gearing ratio at 0.95x as against 0.74x as on March 31, 2022.

Experienced promoters in the textile industry with in-house designing team: ASPL is promoted by Mr. Amit Khemka and Ms. Shivani Khemka. Mr. Amit Khemka has more than two decades of experience in this line of business, Ms. Shivani Khemka, Director also holds good experience in the industry. ASPL has an in-house design team wherein the company develops its own creations and specialty designs.

Location advantage being present in the textile hub of Surat (Gujarat): ASPL is based in Surat which is one of the largest textile hubs in India; known for its synthetic textile products. ASPL's presence in one of the major textile regions of India results in the benefit derived from ease of access to its customers and suppliers.

Liquidity: Stretched

Liquidity position of ASPL remained stretched marked by elongated operating cycle owing to higher inventories and trade receivables as on balance sheet date due to business seasonality and low cash and bank balance. Operating cycle deteriorated and continued to remain elongated at 210 days during FY23 as against 163 days during FY22 mainly on account of increase in average inventory period and receivables period. Average working capital utilization level remained at 60% for past twelve months period. ASPL has sufficient GCA of Rs.4.93 crore during FY23 as against Rs.0.38 crore of debt repayment obligation during FY24. Unencumbered cash and bank balance remained low at Rs.0.13 crore as on March 31, 2023, as against Rs. 0.09 crore as on March 31, 2022. Current ratio of ASPL remained at 2.09x as on March 31, 2023, as against 1.64x as on March 31, 2022.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Liquidity Analysis](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

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[Cotton Textile](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Textiles	Textiles & Apparels	Garments & Apparels

Incorporated in October 2007, Anushree Sarees Private Limited (ASPL) is a Surat (Gujarat) based company promoted by Mr. Amit Khemka and Ms. Shivani Khemka. ASPL is engaged in wholesale trading and processing of synthetic sarees under the brand name of 'Jasleen Fashion', 'Elegant', 'It's Awsome', 'Lucky Woman' and 'Anushree'. ASPL gets most of processing (dyeing and work) done on job work basis and undertakes only stitching and packing in-house.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (Prov.)
Total operating income	120.62	110.92	48.04
PBILDT	9.98	9.70	NA
PAT	5.60	4.26	
Overall gearing (times)	0.74	0.95	
Interest coverage (times)	4.61	2.94	

A: Audited, Prov.: Provisional, NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT/ ST-Cash Credit		-	-	-	19.80	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT/ ST-Cash Credit	LT/ST	19.80	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (08-Mar-23)	1)CARE BB+; Stable / CARE A4+ (14-Feb-22)	1)CARE BB+; Stable / CARE A4+ (03-Feb-21)

*Issuer did not cooperate; based on best available information.

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Cash Credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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