

APRIL 15, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF LOVABLE LINGERIE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Bank Facilities-Fund-based - LT-Term Loan	6.64 (reduced from Rs.8.85 crore)	CARE A+ (Single A Plus)	Reaffirmed
Bank Facilities-Fund-based - LT-Cash Credit	13.50	CARE A+ (Single A Plus)	Reaffirmed
Total Facilities	20.14 (Rupees Twenty crore and Fourteen lakh only)		

Rating Rationale

The ratings of Lovable Lingerie Limited (LLL) continue to derive strength from the experience of promoters, strong brands in the segment, wide established distribution network and strong financial risk profile as reflected by low overall gearing and comfortable debt service coverage indicators.

The ratings, however, remain constrained due to small scale of operations, volatility in profitability margins, working capital-intensive nature of operations and fragmented nature of the women innerwear industry.

The ability of the company to increase the scale of operations while maintaining the profitability margins and improving the working capital cycle remain the key rating sensitivities.

Background

LLL was originally incorporated in the year 1987 as Hypo Knit Private Limited. It started the commercial operations in the year 1996 by manufacturing women's inner wear under the license from Lovable World Trading Company, USA. Subsequently, it acquired the "Lovable" brand on an exclusive basis for the territories of India, Nepal and Bhutan. The company's product range includes brassieres, panties, slips/camisoles, home wear, shape wear, foundation garments and sleepwear products. "Lovable" and "Daisy Dee" are the flagship brands of the company. Both the brands are targeted towards the domestic market through Large Format Stores (LFS), departmental stores, EBOs, and MBO's across cities in India. LLL is promoted by Mr L Vinay Reddy, Chairman and Managing Director of the company. He has vast experience of more than 23 years in the innerwear industry. His father, Mr L. Jaipal Reddy, promoter/Director, also has vast experience in the innerwear industry and was also the co-founder of Maxwell Industries (manufacturer of innerwear VIP) before starting LLL.

During FY15 (refers to the period April 01 to March 31), LLL reported a total income of Rs.173.49 crore and PAT of Rs.19.72 crore.

During 9MFY16, LLL reported a total income of Rs.160.47 crore and PAT of Rs.20.00 crore.

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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