

Press Release

Aesthetics

June 21, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 7.50 Cr.
Short Term Rating	ACUITE A4+

* Refer Annexure for details

Rating Rationale

Acuité has assigned short term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**) on the Rs.7.50 crore bank facilities of Aesthetics.

Aesthetics is Delhi-based proprietorship firm established in 1996 by Mrs. Rohini Gandhi. It is one star rated export house, engaged in manufacturing of female readymade garments for companies like Monsoon Accessorize (UK), John Lewis Partnership LLP (UK), and other Europe based companies.

Key Rating Drivers

Strengths

- **Long track record and experienced management**

The firm is led by Mrs. Rohini Gandhi along with her spouse, Mr. Vipul Gandhi and son, Mr. Divyesh Gandhi. Mrs. Rohini Gandhi and Mr. Vipul Gandhi possess extensive knowledge and experience of more than two decades in manufacturing and export business. Mr. Divyesh Gandhi has joined the business in 2015. He has work experience of 4 years as an investment banker.

- **Reputed customers**

Aesthetics has been manufacturing products for Monsoon Accessorize (UK) since 1996 and for last 7 years, it started selling to John Lewis Partnership LLP (UK) as well.

Weaknesses

- **Moderate financial risk profile**

The financial risk profile is moderate marked by net worth of Rs.1.44 crore as on 31 March, 2017. As informed by the management, in FY2017-18, Rs.0.50 crore has been infused as capital for purchase of plant and machinery. The debt to equity stood high at 4.08 times as on 31 March, 2017 as compared to 3.16 times as on 31 March, 2016. The total debt consists of working capital facilities only. The Interest Coverage Ratio improved from 2.13 times as on March 31, 2016 to 2.26 times as on March 31, 2017. Further, DSCR also improved from 2.13 times as on March 31, 2016 to 2.26 times as on March 31, 2017. The Gross Current Asset days improved from 222 as on March 31, 2016 to 189 as on 31 March, 2017.

- **Small scale of operation along with customer concentration**

The operations of Aesthetics are on small scale at present. However, the firm has been mulling over getting new customers and has successfully done so to some extent. An increase in customer base with higher repeated orders will help remove constraints over the period. As informed by the management, Aesthetics has earned Rs.18.14 crore revenue in FY2017-18 (Provisional).

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Aesthetics to arrive at the rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	14.74	10.82	10.28
EBITDA	Rs. Cr.	0.75	0.64	0.38
PAT	Rs. Cr.	0.33	0.26	0.25
EBITDA Margin	(%)	5.12	5.88	3.74
PAT Margin	(%)	2.24	2.41	2.42
ROCE	(%)	10.32	9.79	11.09
Total Debt/Tangible Net Worth	Times	4.08	3.16	4.25
PBDIT/Interest	Times	2.26	2.13	2.06
Total Debt/PBDIT	Times	7.32	6.65	6.99
Gross Current Assets (Days)	Days	189	222	225

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	4.90	ACUITE A4+
Proposed	Not Applicable	Not Applicable	Not Applicable	2.60	ACUITE A4+

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About Acuité Ratings & Research:

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