

House of Anita Dongre Limited

Instrument	Amount	Rating Outstanding
	In Crore	May, 2016
Long-term fund-based limits	35.00	[ICRA]A+ reaffirmed (outlook revised to positive from stable)
Short-term non-fund-based limits	0.02	[ICRA]A1+ reaffirmed
Short-term fund-based limits (Sub-limit)	15.00	[ICRA]A+/[ICRA]A1+ reaffirmed, long-term outlook revised to positive from stable

Source: ICRA

ICRA has reaffirmed the long-term rating on the Rs. 35.02 crore (revised from Rs. 30.00 crore) long term fund-based limits of House of Anita Dongre Limited (HOADL) at [ICRA A+ (pronounced ICRA A plus)]¹. ICRA has also reaffirmed the short-term rating on the Rs. 0.02 crore short term non-fund-based limits and Rs. 15.00 crore short term fund-based limits (sub-limit of long-term limits) of HOADL at [ICRA] A1+(pronounced ICRA A one plus). The outlook on the long-term rating has been revised to “positive” from “stable”.

The revision in outlook to “positive” from “stable” factors in ICRA’s expectation that the company’s financial risk profile shall strengthen supported by comfortable profitability, prudent working capital management and increase in scale led by strong brand image and expansion of its store network and growth in Shop-In-Shop (SIS) outlets under large format stores.

The ratings continue to take into account the above-average-financial risk profile as reflected in comfortable operating profitability, positive operating cash flows, high return on capital employed during FY2015 and 9M, FY2016. Further, the company remains net debt free lending it considerable financial flexibility for its future expansion plans. The ratings continue to factor in the vast experience of the promoters in the fashion industry and their expertise in designing aided by a professional management team. ICRA also draws comfort from the company’s established brands in prêt segment and diversified presence across both western wear segment through “AND” and ethnic/Indo-Western segment through “Global Desi”. The company maintains a balanced distribution mix through presence in company owned and franchised stores and large format stores. ICRA also takes note of the higher growth rate in organised womenswear market and encouraging growth prospects for the branded womenswear category. Growth is expected to be led by higher penetration of organised womenswear market which remains under-served, increasing proportion of women in workforce leading to higher purchasing power and increasing reach of organised retail through malls and the e-commerce route.

The strengths are partially offset working capital intensive nature of the business and vulnerability of profitability to raw material prices. The sales remain vulnerable to changing tastes and preference which vary across states and fashion trends that change fast and the macro-economic scenario. In addition, inventory remains susceptible to markdowns in case of a sharp demand slowdown. ICRA also notes the high competitive intensity in the womenswear market with presence of various foreign as well as national and local regional brands. Aggressive discounting by competing brands and lower discretionary spending by consumers has impacted profitability. The supply of good quality real estate space at viable rates remains an industry-wide challenge and will continue to have a bearing on profitability and growth.

Company Profile

House of Anita Dongre Limited, “HOADL” or “the Company” (erstwhile And Designs India Limited) is in the business of designing, manufacturing and retailing apparel. In July, 2015 the company’s name was changed to House of Anita Dongre Limited.

¹ For complete rating scale and definitions, please refer to ICRA’s website www.icra.in or other ICRA Rating Publications.



The company is primarily in to womenswear category, the product range spans across western wear, indo-western wear and traditional Indian wear segments, with manufacturing on job-work basis. The company has presence in both economy “Pret” segment and luxury-end “Couture” segment. In the “Pret” segment it has two brands, the flagship brand, “AND” which is into western wear and “Global Desi” which is into fusion wear (a mix of western and ethnic wear). In the Couture segment, it has three brands, the “Anita Dongre, Timeless” collection, “Anita Dongre, Interpret” and also “Grassroot” collection which is into organic wear and is now being scaled up. The channel mix consists of own stores, both company owned and on franchisee basis in leading malls/high-streets and large format stores such as Shoppers Stop, Pantaloons, Ethnicity and Lifestyle stores across tier I and tier II and tier-III cities and emerging towns in India.

Recent results:

As per the audited FY 2015 numbers, company reported a profit after tax of Rs.34.5 crore (over Rs. 31.8 crore in FY 2014) over an operating income of Rs. 322.0 crore (over Rs. 214.5 crore in FY 2014). For 9M, FY 2016, as per unaudited results, the company reported a PAT of Rs. 27.1 crore over an operating income of Rs. 305.8 crore.

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For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91 22 6114 3406)
shivakumar@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500