

Aaiswarya Dyeing Mills Private Limited

Instrument	Amount Rated	Rating Action
Long Term Fund Based- Cash Credit	Rs. 30.00 crore	[ICRA]BBB+ (Stable); assigned
Long Term Fund Based -Term Loans	Rs. 13.00 crore	[ICRA]BBB+ (Stable); assigned
Unallocated Limits	Rs. 10.00 crore	[ICRA]BBB+ (Stable); assigned
Short Term Non-fund Based Limits	Rs. 10.00 crore	[ICRA]A2; assigned

ICRA has assigned the long term rating of [ICRA]BBB+ (pronounced ICRA triple B plus) to the Rs. 43.00 crore¹ long term fund based facility and the Rs. 10.00 crore unallocated limits of Aaiswarya Dyeing Mills Private Limited (ADPL)². ICRA has also assigned the short term rating of [ICRA]A2 (pronounced ICRA A two) to the Rs. 10.00 crore short term non-fund based limits of ADMPL. The outlook on the long-term rating is 'Stable'.

The assigned ratings takes into consideration the long and established presence of the ADMPL's promoters in the textile industry; healthy financial risk profile characterized by comfortable capital structure with strong net worth base, healthy debt coverage metrics and adequate liquidity position as reflected from healthy accruals. The ratings also draws comfort from company's established relationship and diversified client base coupled with the locational advantage by virtue of the proximity to both raw material sources and customers.

The ratings is however, constrained by the limited value added nature of job work operations leading to moderate level of margins and low return indicators, coupled with the susceptibility of the company's profitability to fluctuations in prices of the key raw materials. The ratings also take into account the vulnerability of the operations to the intense competitive pressures and the cyclical nature inherent in the domestic textile industry. ICRA also takes cognizance of the management's inclination towards job work activity since last fiscal, which has lead to decline in revenues in FY 2016. However, debt at absolute levels has also come down leading to improvement in coverage indicators. Margins though, continue to remain at average levels, with subdued return indicators. The ability of the company to scale up with improvement in profitability levels, so as to improve returns on an overall business level, remains critical from credit perspective.

Company's Profile

Incorporated in the year 1993, Aaiswarya Dyeing Mills Private Limited (ADMPL) is based in Surat (Gujarat) and is engaged in processing as well as manufacturing of dyed and printed fabrics which in turn is used for making dress materials and sarees. The company has an aggregate installed dyeing and printing capacity of 3,600 lakh meters per annum and is currently equipped with 27 stentors and 65 chambers..

Recent Results

For the year FY 2015, the company reported an operating income of Rs. 341.09 crores and profit after tax of Rs. 16.58 crore as against an operating income of Rs.265.44 crore and profit after tax of Rs 5.74 crore during FY 2014. In FY2016 (provisional unaudited financials), ADMPL recorded an operating income of Rs. 282.17 crore and profit before tax of Rs. 8.59 crore.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating definition, please refer to ICRA Website www.icra.in or any of the ICRA Rating Publications



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