



Aarnav Fabrics Pvt. Ltd.

Instrument	Amount	Rating
	In Crore	As on February 2014
Fund Based Limits	8.00	[ICRA]BB-(Stable) reaffirmed

ICRA has reaffirmed [ICRA]BB- (pronounced as ICRA double B minus) rating to the Rs. 8.00 crores* fund based limits of Aarnav Fabrics Private Limited- AIPL (erstwhile Arnav Industries Private Limited†. The outlook on the long-term rating is stable.

The rating takes into account the highly competitive nature of the textile industry which has lead to modest profitability for AIPL in the past. The rating is constrained by AIPL's stagnant operating revenues which coupled with decline in operating margins has lead to decrease in its operating profits over the last three years. Moreover, AIPL's profitability and cash flows remain susceptible to the cyclical nature inherent in the textile industry. The rating also factors in modest financial profile of the company as reflected by modest cash accruals (Rs. 0.17 crores in FY13), relatively high gearing level (1.72 times as on March 2013) and modest debt protection metrics (Net cash accruals/Total Debt of 2% and interest coverage ratio of 1.22 in FY13). Nevertheless the rating favourably factors in the established track record of the promoters in textile industry, AIPL's diversified client base and its low repayment obligations.

About the company

Aarnav Fabrics Private Limited (AIPL) is a part of Arnav Group which is involved in textile business. Earlier the group was managed by Mr. Omkar Manji and Mr. Champalal Agarwal and the business was conducted through two companies namely Omkar Textile Mills Pvt. Ltd (OTMPL) and Gopi Synthetics Private Limited (GSPL). However, due to a family partition, the control of GSPL was taken over by Mr. Champalal Agarwal while OTMPL was managed by Shri Omkarmal Agarwal. Omkar brand was retained by Mr. Omkar Manji and Mr. Champalal decided to conduct his business under the brand name 'Arnav'.

Currently Arnav Group (renamed) operates through three main entities namely Gopi Synthetics Private Limited (GSPL) which is the flagship company of the group, Aarnav Fabrics Private Limited (AIPL) and Arnav Textile Mills Private Limited. GSPL is involved in processing of fabric with an installed capacity of 550 lakh metres per annum, AIPL is involved in sale of processed fabric to semi-wholesalers while ATMPL is involved in sale of fabric to retailers under 'Arnav' and 'Colours' brand.

Recent Results

In FY13, the company reported PAT of 0.13 crores on operating income of Rs. 63.27 crores as against PAT of Rs. 0.10 crores on operating income of Rs. 62.70 crores in FY12.

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* 100 lakh=1 crore= 10 million

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



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