



Rishika Fashions Private Limited

Instrument	Amount (Rs. crore)	Rating Action November 2015
Long-term, fund based: Cash Credit	5.00	[ICRA]BB (Stable) / Re-affirmed
Long-term, fund based: Term Loan	0.72 (outstanding 0.18)	[ICRA]BB (Stable) / Re-affirmed

ICRA has re-affirmed the long-term rating of **[ICRA]BB** (pronounced ICRA double B) for the Rs. 5.00 crore* fund based limits and the Rs. 0.72 crore (outstanding Rs. 0.18 crore) term loans of Rishika Fashions Private Limited (RFPL / the company)[†]. The outlook on the long-term rating is **Stable**.

For the purpose of rating, ICRA has taken a consolidated view of RFPL and its group entity, Sangam Fashions Private Limited (SFPL), in view of the significant operational, managerial and financial synergies between them.

The ratings re-affirmation continues to take into account the longstanding experience of the company's promoters in the textile business, its comfortable capital structure as reflected by its low gearing, and its diversified customer base. The ratings, however, continue to remain constrained by the high working capital intensity of business operations, the high competitive intensity of the fabric processing industry, and volatility in revenues as reflected by the decline over the last two fiscals. Furthermore, RFPL's profitability remains exposed to raw material price fluctuations and the cyclical nature inherent in the textile business.

Company Profile

Incorporated in 2004, Rishika Fashions Private Limited (RFPL) is engaged in manufacturing and trading sarees. The company is promoted by Mr. Arun Kumar Agarwal and Mr. Sunil Kumar Agarwal, both of whom have more than 20 years of experience in the textile trading business. The company procures grey fabric from suppliers in Surat, Gujarat, and gets them processed by third parties on a job-work basis. The company sells its products primarily in the domestic market under the brand name 'Aesha'.

RFPL reported a Profit after Tax (PAT) of Rs. 0.26 crore on an operating income of Rs. 21.20 crore in FY14. For FY15, the company reported a PAT of Rs. 0.27 crore on an operating income of Rs. 18.73 crore.

November 2015

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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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