

AARYA FASH TEX PVT LTD

Brickwork Ratings Reaffirms the ratings for the Bank Loan Facilities of ₹.11.34 Crores of Aarya Fash Tex Pvt Ltd

Particulars:

Facility Rated	Amount (₹. Cr)		Tenure	Rating*	
	Previous	Present		Previous (Jul, 2018)	Present
Fund Based	14.42	11.34	Long Term	BWR B (Outlook -Stable)	BWR B (Stable) (Reaffirmed)
Total Limits	14.42	11.34	(INR Eleven Crores and Thirty Four Lakhs Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities is provided in Annexure-I&II

RATING ACTION / OUTLOOK

Reaffirmation of the long term rating at BWR B (Stable).

BWR believes that Aarya Fash Tex Pvt. Ltd. business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

KEY RATING DRIVERS

BWR has principally relied upon the audited financials upto FY19 and provisional financials of FY20 and projections up to FY22, publicly available information and information/ clarifications provided by the management.

The reaffirmation of rating takes into account the experience of the promoters in the textile industry and the locational advantage of the firm, by virtue of its location in the Textile belts of Gujarat. However, the rating is constrained by small scale of operations, weak debt service coverage ratio and stretched conversion cycle.



Going forward, the ability of the company to improve its scale of operations, debt service coverage ratio and effectively manage its working capital requirements will be the key rating sensitivity.

Credit Strengths:

- The vast experience of the promoters in the textile industry.
- Strength of Group company, Diamond Textiles Mills Pvt Ltd -rated IND BBB-/A3.
- The company has become profitable in FY20 .
- Comfortable ISCR.
- The locational advantage of the firm, by virtue of its location in the Textile belts of Gujarat.

Credit Risks:

- Weak DSCR .
- Small scale of operations.
- Stretched working capital cycle
- Low Net Worth.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the ability of the company to improve its scale of operations, debt service coverage ratio and effectively manage its working capital requirements will be the key rating sensitivity.

Positive: Rating may be upgraded in case of substantial improvement in revenues from level of Rs.8.80 crs achieved in provisional financials of FY20 along with similar increase in the profit margins.

Negative: Rating may be downgraded in case revenues, profitability, gearing and debt service coverage ratio weaken further.

LIQUIDITY POSITION: Adequate

Aarya Fash Tex Pvt Ltd's liquidity profile is driven by the current ratio of 1.70x in FY20. Company's cash and its equivalents are reported at Rs.0.34 cr in FY20. Company's average bank facility utilization stood at 87%.



COMPANY PROFILE

M/s Aarya Fash Tax is a partnership firm established in the year 2010 by Ms Meera Narendrabhai Patel, Mrs Kruti R Patel and Shri Dhruv Narendrabhai Patel engaged in manufacturing of Value added fabrics by designers with modern computerized embroidery plant and machineries. Later during January 2017 the firm was converted into a private limited company. The firm is backed by Diamond Textile Mills Pvt. Ltd.(DTMPL) group which has been engaged in the Textile industry for more than 4 decades. The promoters are having rich experience in the industry and having experience to handle large size projects.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	2020	2019
Result Type		Provisional	Audited
Total Operating Income	₹ Cr	15.20	13.73
EBITDA	₹ Cr	1.86	2.13
PAT	₹ Cr	0.20	-0.38
Tangible Net worth	₹ Cr	5.73	5.53
Total Debt/Tangible Net worth	Times	2.24	2.64
Current Ratio	Times	1.70	1.52

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY - NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Instrument / Facilities	Current Rating (2020)			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	2019	12.07.2018	2017
Fund Based	Long Term	11.34	BWR B (Stable) (Reaffirmed)	–	BWR B (Outlook -Stable)	–
Total		11.34	(INR Eleven Crores and Thirty Four Lakhs Only)			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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Aarya Fash Tex Pvt Ltd

Annexure-I

Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facility	Long Term [Rs. Crs]	Short Term [Rs. Crs]	Total [Rs. Crs]
1	SIDBI	CC	2.00	–	2.00
2		TL	9.34	–	9.34
Total	(INR Eleven Crores and Thirty Four Lakhs Only)				11.34

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