

Aarnav Fashions Limited

May 04, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	28.24	CARE BBB; Stable	Assigned
Long Term / Short Term Bank Facilities	137.50	CARE BBB; Stable / CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

Rationale and key rating drivers

The ratings assigned to bank facilities of Aarnav Fashions Limited (AFL) derive strength from the experienced promotor group with an established track record of over five decades in textile industry and company's comfortable financial risk profile and satisfactory debt coverage indicators. The rating also factors AFL's moderate scale of operation and stable profitability margins along with adequate liquidity position.

The rating strengths are, however, constrained by working capital intensive nature of operations, presence in highly competitive textile industry and susceptibility of profitability to volatility in input prices such as cotton, dyes, pigment and fuel (coal and lignite).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant volume backed increase in Total operating Income (TOI) along with improvement in Profit before Interest Lease Depreciation and Tax (PBILDT) margins above 10% on sustained basis.
- Reduction in working capital intensity marked by working capital cycle below 100 days on sustained basis.

Negative factors

- Increase in debt funded working capital intensity or Capital Expenditure (CAPEX) resulting into moderation of coverage indicators marked by Interest coverage below 2x on sustained basis.
- Elongation in working capital cycle above 175 days on sustained basis.

Analytical approach: Standalone while factoring operational and managerial linkages with Aarnav Industries Private Limited, Alpine Texworld Limited and Alpine Cottweave LLP.

Outlook: Stable

The Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that AFL will continue to benefit from the extensive experience of its promotor group and its established presence in the textile segment.

Detailed description of key rating drivers:

Key strengths

Comfortable financial risk profile:

AFL's financial risk profile remains comfortable on back of healthy net worth base. The overall gearing and total outside Liabilities by tangible network (TOL/TNW) stood at below unity levels 0.56x (PY: 0.65x) and 0.96x (1.12x) respectively as on March 31, 2025. AFL has healthy network base of Rs. 175.5 crore as on FY25 end (PY: 168 crore). The debt coverage indicators are also satisfactory marked by Interest coverage of 2.90x (PY: 2.23x) as on FY25 end and total debt to PBILDT of 3.3x on FY25 end (PY: 4.03x).

Moderate scale of operations and profitability:

AFL has reported moderate and relatively stable scale of operations in range of ₹360 - 420 crore during the last four years ended FY25. In 9MFY26, AFL has achieved TOI of ~₹230 crore and is expected to close FY26 at ~₹400-450 crore. The operating margin of AFL remained moderate in range of 7-8% over the last four years ended FY25, except in FY23 where margins declined to ~5% due to increase in coal and lignite prices. In 9MFY26, AFL has achieved PBILDT margin of 6.5% and same is expected to remain rangebound going forward.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Experienced promoters and established track record of operations:

AFL is part of Ahmedabad-based Aarnav group, which has been engaged in textile processing since 1981 through its erstwhile flagship entity, Gopi synthetics Private Limited (subsequently amalgamated with AFL from Oct 2020). The Aarnav group has gradually forayed into spinning and weaving through other entities of the group. The operations of group are led by Mr. Champalal Agrawal and his son Mr. Sumit Agrawal. The third generation of family has also joined the business, and they are rendering support to promoters along with professionals having relevant experience in the industry in overseeing day-to-day operations of the company.

Key weaknesses

Working capital intensive nature of operations

AFL's operations have remained working capital intensive, as reflected in an elongated working capital cycle of ~140-150 days over the last four years ended FY25. This is primarily on account of high inventory holding period of ~100-120 days. Also, due to longstanding relationship with clients and credit period extended by peers in the industry, receivables are elongated at average of 125 days in last 4 years ended FY25. This working capital intensity is partially funded by elongated credit period enjoyed from suppliers in range of 70-100 days in last 4 years. Since majority of suppliers are traders or Mill owners not falling under MSME criteria, extended credit period is available.

Susceptibility of profitability to volatility in input prices

AFL's Profit margins are susceptible to volatility in key raw material prices viz Cotton grey fabric, dyes and chemicals which contribute ~70%-80% of total cost. Price of cotton is highly dependent on market and climatic conditions; Dyes and chemicals are crude derivatives and hence remain volatile. Apart from raw material (RM), power and fuel cost contributes ~10-15% of total cost. Fuel cost majorly comprises of coal and lignite, pricing of these sources of fuel is also volatile in nature. Nevertheless, AFL has short term price contracts with customers and change in RM and consumable pricing is passed on to the customer to a large extent.

Presence in a fragmented and highly competitive industry.

The Indian textile industry consists of large, organized players who contribute to 75% of the total installed capacity and the remaining 25% is contributed by unorganized segment. CARE Ratings notes that the intense competition in the highly fragmented textile industry also restricts its ability to completely pass on the volatility in input cost to its customers. Moreover, given the commoditized nature of the product with limited product differentiation, the competitive intensity is high with minimal pricing power.

Liquidity: Adequate

The liquidity of AFL is expected to remain adequate marked by Gross Cash Accruals in range of ₹18 – 22 crore against repayment obligation of ₹ 6.5 to 7 crore envisaged in FY27-28, positive cash flow from operations (CFO) since last 5 years with CFO of ₹ 23.55 crore as on FY25 end (PY: ₹ 32.12 crore) and healthy current ratio of 1.42x as on FY25 end (PY: 1.38x). However, working capital limit utilisation remained high at average ~93% in past 12 months ended January 31, 2026. Nevertheless, AFL had free cash and bank balance of ₹ 2.38 crore as on December 31, 2025.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Cotton Textile](#)

[Factoring Linkages Parent Sub JV Group](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Aarnav Fashion Limited, promoted by Mr. Champalal Agrawal and his son Mr. Sumit Agrawal is the flagship company of Aarnav group. AFL is engaged in textile processing i.e. bleaching, dyeing and printing on grey fabrics having end use in suiting, shirting, women & kids apparel through its manufacturing unit in Narol, Ahmedabad with installed capacity of 650 lakh meters.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	359.24	381.44	329.7
PBILDT*	27.10	29.51	21.55
Profit after tax (PAT)	5.62	9.24	6.11
Overall gearing (x)	0.65	0.58	NA
Interest coverage (x)	2.23	2.90	3.10

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ST-Cash Credit		-	-	-	124.00	CARE BBB; Stable / CARE A3+
Non-fund-based - LT/ST-BG/LC		-	-	-	13.50	CARE BBB; Stable / CARE A3+
Term Loan-Long Term		-	-	31-03-2031	28.24	CARE BBB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT/ST-Cash Credit	LT/ST	124.00	CARE BBB; Stable / CARE A3+				
2	Term Loan-Long Term	LT	28.24	CARE BBB; Stable				
3	Non-fund-based - LT/ST-BG/LC	LT/ST	13.50	CARE BBB; Stable / CARE A3+				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of Facilities/Instruments and FSR

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutual Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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