

Arora Knit Fab Private Limited

November 21, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	57.89	CARE D (Single D)	Revised from CARE BB-; Stable (Double B Minus; Outlook: Stable)
Total Bank Facilities	57.89 (₹ Fifty-Seven Crore and Eighty-Nine Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

The revision in the ratings of Arora Knit Fab Private Limited (AKFPL) takes into consideration delay in servicing of its debt obligations and overdraws in their working capital limits.

Rating sensitivities

Positive factors – Factors that could lead to positive rating action/upgrade:

- Improvement in the liquidity position of the company as reflected from timely servicing of its debt obligations.

Detailed description of the key rating drivers

Key rating weaknesses

Delays in debt servicing: There has been delay in the servicing of its debt obligations due to the fire breakout in their plant. As per banker feedback, there are ongoing delays in principal and interest repayments for term loan and there are over-drawal in the working capital facilities.

Liquidity: Poor

Arora Knit Fab Private Limited has poor liquidity position as they have suffered losses because of the fire breakout.

Analytical approach: Combined

While arriving at the rating of Arora Knit Fab Private Limited (AKFPL), CARE has taken a combined view of Arora Industries and Arora Knit Fab Private Limited, as both the entities (together referred to as 'Group' above) are engaged in a similar line of business, have operational linkages, have the same promoters and are controlled by a common management team.

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Manufacturing Companies](#)

About the company

AKFPL, incorporated in the year 2000, under companies Act 1956 and the flagship entity of the Arora Group. The company is engaged in manufacturing and exports of Knitted Fabrics, Home Textiles, Garments, Mink Blankets and the substitutes. The company is managed by Shri Mohinder Singh Arora (Chairman, founder CEO) and Shri Ravinder Pal Singh elder brother of Mohinder Singh Arora.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23
Total operating income	129.48	NA	NA
PBILDT	8.47	NA	NA
PAT	0.91	NA	NA
Overall gearing (times)	1.52	NA	NA
Interest coverage (times)	1.33	NA	NA

A: Audited, NA: Not Available

Status of non-cooperation with previous CRA: Not Available

Any other information: Not Available

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	46.00	CARE D
Fund-based - LT-Term Loan		-	-	31/03/25	11.89	CARE D

Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	11.89	CARE D	-	1)CARE BB-; Stable (25-Feb-22)	-	-
2	Fund-based - LT-Cash Credit	LT	46.00	CARE D	-	1)CARE BB-; Stable (25-Feb-22)	-	-

*Long term/Short term.

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

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Bank lender details for this company

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

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

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About us:

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