

Rating Rationale

Brickwork Ratings assigns 'BWR B/A4' to the Bank Loan Facilities of Angel Fabrics Private Limited

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities amounting to Rs. 3.53 Crores sanctioned by Canara Bank to Angel Fabrics Pvt Ltd ("**AFPL**" or "*the Company*"):

Facilities	Limits Rated (₹ In Cr)	Tenure	Rating ¹
Fund Based:			
Term Loan *	0.53	Long Term	BWR B (Pronounced BWR Single B) Outlook: Stable
Packing Credit / Bill Discounting	3.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Amount Rated	3.53	INR Three Crores and Fifty Three Lakhs Only	

* Term Loan amount outstanding as on 19.9.2016

BWR has essentially relied upon the company's audited financial results till FY15, provisional financials for FY 16, projections for FY 17 & FY 18, publicly available information and the information/clarifications provided by the management of the company.

The rating has factored inter-alia experience of the promoters in the textile industry since 2011, group strength of Shivalik Group of companies, long standing relationship with international customers and ability to meet its debt obligation. However, the rating is constrained by decline in sales and profit margin, low net cash accruals to total debt and competition from many small and medium textile units in the region.

Background:

Angel Fabrics Pvt Ltd was incorporated on 3rd March 2011 at Ballabgarh, Faridabad for the manufacture and export of garments for Men, Ladies and Kids. The main raw materials used are yarn, fabrics, dyes & chemicals and other accessories. AFPL has employed 50 production staff and 12 administration staff. The plant's production capacity for FY 15 was at 2.70 Lac pieces. AFPL's major client base includes – Lowlaw Inc. Canada, Next Sourcing Ltd, UK, JFIGlobal Purchasing Ltd, USA and few local customers in and around Delhi. Its suppliers are mainly located in and around Delhi region.

Management:

AFPL's promoter - directors and their shareholdings – Ms. Avni Jindal, Managing Director (69.24%) and Ms. Nisha Jain, Director (30.76%). Both the directors are qualified and are having

¹ Please refer to www.brickworkratings.com for definition of the Ratings

more than 6 years of experience in the textile industry. AFPL belongs to Shivalik Group of companies who have been in the textile industry for more than 30 years.

Financial Performance:

NFPL has reported Net Operating income of Rs. 20.19 Crores and PAT of Rs. (0.04) Crores for FY 15 as compared to Rs. 29.98 Crores and Rs. 0.28 Crores respectively in FY14. Net worth of the company stood at Rs. 3.05 Crores for FY 15. Gearing ratio stood at 3.67 times while ISCR was at 1.24 times and DSCR at 0.90 times for FY 15. [As per provisional financials for FY 16, sales turnover and PAT were reported at Rs. 7.96 crs and Rs. 0.02 crs respectively. Debt Equity for FY 16 was at 2.00 times.]

Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, ability of the company to improve its revenue and profit margins, to reduce its gearing by further infusion of capital and to manage its working capital cycle effectively will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.