



Rating Rationale

Angel Papers Pvt. Ltd.

27 Mar 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 8.32 Crores of Angel Papers Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based: Term Loan Cash Credit	5.32 3.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Total	8.32	INR Eight Crores and Thirty Two Lakhs Only	

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

Ratings assigned:

Brickwork Ratings assigned the long term rating of 'BWR B+' with "Outlook: Stable" to the bank loan facilities aggregating Rs.8.32 Crores of Angel Papers Pvt. Ltd. ('APPL', or 'the Company').

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of the company up-to FY18, projections for FY19 and publicly available information and information/clarifications provided by the management of the company.

The Rating draws strength from the extensive experience of the directors, locational advantage of the unit and improved revenue from operations. The ratings are however constrained by relatively low scale of operations, fragmented & competitive nature of the industry and low net worth of the company.

Going forward, ability of the company to scale up its operations while improving its profit margins and to strengthen its credit profile will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Locational Advantage:-** The company is located in **Bettiah** cluster and thus has a competitive advantage in terms of skilled labor, logistics, production knowledge and vendors making the company more efficient and cost effective.
- **Management Experience:-** The directors of the company have a long standing experience in the industry.
- **Revenue from Operations-** The company's revenue from operations has grown substantially by **45.96 %** in **FY 18**.

Credit Risks:

- **Low Net Worth:** The networth of the company is low at Rs 1.66 crs and thus have a high gearing of 5.64.
- **Liquidity Position:** In **FY 18**, current ratio of **0.88** indicates inadequate liquidity position of the company.
- **Competition in the Industry:** Entry barriers in the industry are low on account of limited capital and technology requirement and also low differentiation in the end product leading to intense competition and limiting the pricing power resulting in low profitability

Analytical Approach

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 Outlook: *Stable*

BWR believes that **Angel Papers Pvt. Ltd's** 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.

About the Company

Angel Papers Pvt. Ltd. was incorporated on 21/12/2012 at ROC Patna and is located in Bettiah,



Bihar. Mr. Ramesh Kumar Todi and Mr. Rajesh Kumar Todi are the current directors of the company. The company is engaged in manufacturing of kraft paper of 14-18bf and 100-180gsm specification, which is used in the packaging industry. The unit has an installed capacity of 12000 MT per annum

Company's Financial Performance

As per audited financials of FY18, the company has reported total operating income of ₹ 11.66 Crores against ₹ 7.99 Crores in FY17. The operating profit margin of the company stood at 19.58% in FY18 as against 10.15% in FY17. Tangible Net Worth of the company has improved from ₹ 1.20 crores in FY17 to Rs. 1.66 crs in FY18.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	11.66	7.99
EBITDA	₹ Cr	2.28	0.81
PAT	₹ Cr	0.47	(0.21)
Tangible Net worth	₹ Cr	1.66	1.20
Total Debt/Tangible Net worth	Times	5.64	8.66
Current Ratio	Times	0.88	0.87



Rating History for the last three years

S.No	Facility	Current Rating(2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based	Long Term	8.32	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	NA	NA	NA
	Total		8.32	₹ Eight Crores and Thirty Two Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)- CRISIL B/Stable(Issuer Not Cooperating) as on Sept 21, 2018 due to non availability of information.

Any other information

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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