

Rating Report

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

Brickwork Ratings (BWR) has assigned the following Ratings¹ 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 (Rs. In Crs)	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, JFI

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

Global 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 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.

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Angel Fabrics Pvt Ltd

ANNEXURE I: PROFIT AND LOSS ACCOUNT

(Rs in Crs)

Particulars	FY 2013 (A)	FY 2014 (A)	FY 2015 (A)
Net Sales	15.90	27.59	18.69
Other operating Income	1.29	2.39	1.50
Total Operating Income	17.19	29.98	20.19
Cost of Goods sold	13.76	24.52	15.09
Total Operating Expenses	15.77	28.16	18.48
OPBDIT	1.41	1.83	1.71
Depreciation charges	0.15	0.23	0.43
Interest & finance charges	0.83	1.11	1.38
OPBT	0.43	0.48	(0.10)
Non-Operating Income(Expenses)	0.09	0.12	0.09
PBT	0.52	0.60	0.00
Provision for Taxes	0.16	0.31	0.04
PAT	0.36	0.28	(0.04)

ANNEXURE II: BALANCE SHEET

(Rs in Crs)

Particulars	FY 2013 (A)	FY 2014 (A)	FY 2015 (A)
Shareholder's fund	2.71	3.01	3.05
Share Capital	1.69	1.69	1.69
Reserves & Surplus	1.02	1.32	1.36
Non-current liabilities	0.87	2.11	1.69
Long-Term Borrowings	0.61	1.89	1.42
Deferred tax liabilities	0.26	0.23	0.27
Current liabilities	10.22	14.85	14.42
Short-Term Borrowings	6.05	9.33	9.16
Current portion of long term debt	0.27	0.59	0.6
Trade Payable	3.02	4.04	3.53
Other Current Liabilities & provisions	0.88	0.89	1.14
Total Liabilities	13.80	19.97	19.16
ASSETS			
Non-current assets	2.86	5.08	4.73
Net Fixed assets	2.50	4.81	4.46
Long term loans & advances	0.35	0.26	0.21
Non-current Investments	0.01	0.01	0.06
Current assets	10.94	14.89	14.43
Inventories	4.48	7.26	7.44
Trade Receivables < Six Months	3.08	5.23	5.25
Cash and Cash Equivalents	0.05	0.14	0.04
Short-Term advances & other assets	3.33	2.26	1.71
Total Assets	13.80	19.97	19.16

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ANNEXURE III: RATIOS

Ratios		FY 2013 (A)	FY 2014 (A)	FY 2015 (A)
Total Debt/TNW	Times	2.56	3.94	3.67
ISCR	Times	1.70	1.64	1.24
Net Cash Accruals/Total Debt	Times	0.07	0.04	0.03
Net Profit Margin	%	2.10	0.95	(0.21)
Operating profit margin	%	8.23	6.09	8.47
ROCE	%	13.01	12.89	8.70
Current Ratio	Times	1.07	1.00	1.00
Days Receivables	Days	71	55	102
Days Inventory	Days	119	87	178
Days Payable	Days	163	91	188
Conversion Cycle	Days	27	52	92

(Financial Ratios are as per BWR Calculations)