

## Angel Fibers Limited <sup>(Revised)</sup>

February 12, 2020

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	65.64 (reduced from Rs. 72.11 crore)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	2.50 (reduced from Rs.3.50 crore)	CARE D (Single D)	Reaffirmed
<b>Total Facilities</b>	<b>68.14</b> <b>(Rupees Sixty Eight crore and Fourteen lakh Only)</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale and Key Rating Drivers

The ratings for the bank facilities of Angel Fibers Limited (AFL) continue to take into account on-going delays in its debt servicing on the back of poor liquidity arising from its subdued profitability.

### Rating Sensitivities:

#### Positive factors:

- Sustained track record of timely servicing of debt obligations for a period of at least 90 days

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

#### *On-going delays in servicing of debt obligations*

On the back of subdued demand and intense competition in the cotton yarn industry, AFL's profitability declined sharply in FY19 along with net losses in H1FY20 which led to poor liquidity and resultant delay in servicing of debt obligations to its lenders.

**Analytical approach:** Standalone

### Applicable Criteria

#### CARE's Policy on Default Recognition

#### Criteria for Short Term Instruments

#### Rating Methodology -Manufacturing Companies

#### Rating Methodology – Cotton Textile

#### Financial ratios – Non-Financial Sector

### About the Company

Rajkot, Gujarat based AFL was established as a private limited company in February, 2014 and was subsequently converted into a public limited company in December 2017. Currently, the company is managed by Mr. Ashok Dudhagara, Mrs. Prafulaben Dudhagara and Mr. Ankur Jani. AFL manufactures carded, combed and compact cotton yarn of finer quality ranging between 20s to 50s counts at its sole manufacturing facility located at Haripar, Gujarat. As on March 31, 2019, the company had an installed capacity of manufacturing 29 metric tonnes (MTs) of cotton yarn per day.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	86.35	136.91
PBILDT	15.09	16.48
PAT	4.35	0.54
Overall gearing (times)	1.61	3.33
Interest coverage (times)	7.25	4.69

A: Audited

In respect of the provisional results for H1FY20, Independent Auditor's Review Report has been qualified on the following matters:

#### A. Basis for Qualified of Opinion

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

1. AFL's debtors include outstanding amount of Rs.0.12 crore due from debtors which have ceased trading. The Company has no security for this debt. On the basis that no security has been obtained and no cash has been received on the debt, the company should make a full provision for impairment of Rs.0.12 crore reducing (increasing) the profit/ (loss) before taxation for the year and net assets at September 30, 2019 by that amount.
2. AFL's short-term loans and advances include outstanding amount of Rs.0.11 crore due from certain parties. The company has no security for these loans and advances. On the basis that no security has been obtained and no cash has been received on the loan/advance, in our opinion the company should make a full provision for impairment of Rs.0.11 crore, reducing (increasing) the profit/ (loss) before taxation for the year and net assets at September 30, 2019 by that amount.

#### B. Material Uncertainty Related to Going Concern

1. The company is irregular in repayment of borrowings towards outstanding dues of principal repayable to banks and interest payable to banks.
2. The company has incurred a net loss of Rs.6.20 crore during H1FY20. The company has however, prepared its financials on a going concern basis.
3. The company has not paid self-assessment tax due of Rs.0.32 crore relating to FY19 including interest due on such tax.

**Status of non-cooperation with previous CRA:** CRISIL has conducted the review on the basis of best available information and has classified Angel Fibers Limited as "Not Cooperating" vide press release dated November 20, 2019.

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March, 2026	53.64	CARE D
Fund-based - LT-Cash Credit	-	-	-	12.00	CARE D
Non-fund-based - ST-Bank Guarantees	-	-	-	2.50	CARE D

#### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	53.64	CARE D	1)CARE D (18-Nov-19)	1)CARE BB+; Stable (07-Jan-19) 2)CARE BB-; Stable (20-Jul-18)	1)CARE BB-; Stable (21-Dec-17)	1)CARE B+; Stable (29-Mar-17) 2)CARE B+; Stable (14-Mar-17)
2.	Fund-based - LT-Cash Credit	LT	12.00	CARE D	1)CARE D (18-Nov-19)	1)CARE BB+; Stable (07-Jan-19) 2)CARE BB-; Stable (20-Jul-18)	1)CARE BB-; Stable (21-Dec-17)	1)CARE B+; Stable (29-Mar-17)
3.	Non-fund-based - ST-Bank Guarantees	ST	2.50	CARE D	1)CARE D (18-Nov-19)	1)CARE A4+ (07-Jan-19) 2)CARE A4 (20-Jul-18)	1)CARE A4 (21-Dec-17)	1)CARE A4 (29-Mar-17)

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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##### About CARE Ratings:

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