Angel Fibers Limited

November 18, 2019

Ratings

Facilities	Amount (Rs. Crore)	Ratings[1]	Rating Action
Long-term Bank Facilities	72.11	**CARE D (Single D)**	**Revised from CARE BB+; Stable (Double B Plus; Outlook: Stable)**
Short-term Bank Facilities	3.50	**CARE D (Single D)**	**Revised from CARE A4+ (A Four Plus)**
Total Facilities	**75.61 (Rupees Seventy Five crore and Sixty One lakh Only)**		

Details of facilities in Annexure 1

Detailed Rationale & Key Rating Drivers

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

Detailed description of the key rating drivers

Key Rating Weaknesses

Liquidity: Poor

On-going delays in debt servicing

On the back of subdued industry scenario the company's net profit margin declined sharply in FY19 and it incurred net loss during H1FY20 leading to its poor liquidity which has resulted in delay in its debt servicing obligations to the banks.

Rating Sensitivities:

Positive factor:

- Delay free track record of timely repayment of all its debt obligations for more than ninety days along with improvement in liquidity of the company.

Analytical approach: Standalone

Applicable Criteria:

CARE's Policy on Default Recognition

Criteria for Short Term Instruments

CARE's methodology for manufacturing companies

CARE's methodology for cotton textile industry

Financial ratios – Non-Financial Sector

About the company

Rajkot-based (Gujarat), Angel Fibers Limited (AFL) was established as a private limited company in February, 2014 and started commercial operations from June, 2015 by Mr. Ashok Dudhagara, Mr. Kantilal Savalia, Mr. Parsotam Dudhagara, Mr. Bakulesh Jani and Mr. Jaydeep Dobariya. In December 2017, the company converted its constitution from private limited company to public limited company. 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 and operates from its sole manufacturing facility located at Haripar, Rajkot, Gujarat. During August 2018 AFL has completed a capex project and enhanced its installed capacity from 13 MT per day to 29 MT per day of cotton yarns.

(Rs. Crore)

Brief Financials of AFL	FY18 (A)	FY19(A)
Total operating income	86.35	136.91
PBILDT	15.09	16.55
PAT	4.35	0.54
Overall gearing (times)	1.61	3.33
PBILDT Interest coverage (times)	7.24	4.71

A: Audited

During H1FY20 (Prov.) financials, AFL has reported TOI of Rs.69.29 crore with a net loss of Rs.6.20 crore.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

Status of non-cooperation with previous CRA: CRISIL has continued its rating on AFL under Issuer not cooperating category on March 13, 2019 based on best available information.

Any other information: Not Applicable

Rating History (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	NA	NA	March, 2026	60.11	CARE D
Fund-based - LT-Cash Credit	NA	NA	NA	12.00	CARE D
Non-fund-based - ST-Bank Guarantees	NA	NA	NA	3.50	CARE D

NA: Not Applicable

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	60.11	CARE D	-	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 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	3.50	CARE D	-	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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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