

March 05, 2020

Fibril Tex Pvt. Ltd.: Rating assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Fund Based – Term Loans	25.00	[ICRA]B(Stable); Assigned
Total	25.00	

*Instrument details are provided in Annexure-1

Rationale

The assigned rating takes into account the relatively low scale of operations of Fibril Tex Pvt. Ltd. (FTPL) owing to its nascent stage of operations, which has also resulted in stretched financial risk profile. Furthermore, the company's profits and cash accruals have remained limited, as indicated by operating income (OI) of Rs. 1.5 crore in FY2019. The rating is also constrained by FTPL's stretched working capital cycle and weak liquidity profile.

The ratings, however, continue to factor in the promoters' experience of more than a decade in the textiles industry through involvement in silk manufacturing. The ratings also favourably factor in the positive business prospects of personal hygiene products market as improvement in people's living standards have raised the demand for personal hygiene-related products.

The Stable outlook on the [ICRA]B rating reflects ICRA's opinion that FTPL will continue to benefit from its experienced management and positive business prospects.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in textile industry: The promoters of the company have been engaged in textile manufacturing industry for more than a decade, given their involvement in silk manufacturing through their other entity.

Positive prospects for personal hygiene products market: The continuous improvement of literacy rates, the enhancement of consumers' safety and sanitary consciousness, and extended lifespan, plus improvements in conditions in rural areas, have all created opportunities for expansion of the personal hygiene market.

Credit challenges

Nascent stage of business and small scale of operations: The operations of FTPL begun in FY2019 and thus its scale of operations is quite low. The company recorded OI of Rs. 1.5 crore in FY2019. Owing to these, its financial risk profile is also stretched with low profits and limited cash accruals, helping to build FTPL's net worth.

Weak liquidity profile and stretched working capital cycle: As its operations started a few years back, FTPL's liquidity profile is stretched, characterised by high working intensity. The NWC/OI remained at ~200% in FY2019.

Liquidity position: Stretched

The liquidity position is **stretched** due to elongated working capital cycle and absence of any fund-based working capital facility. Moreover, the cash balances remained limited at Rs. 0.8 crore as on March 31, 2019.

Rating sensitivities

Positive triggers: FTPL's rating could be upgraded if it able to improve its scale of operations and financial risk profile. Specific credit metrics that could lead to an upgrade is TD/OPBITDA less than 5 times on a sustained basis.

Negative triggers: Any further stretch on working capital cycle exerting pressure on liquidity could lead to downgrade in FTPL's rating.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on standalone financial statements of the issuer

About the company

Fibril Tex Private Limited (FTPL) was incorporated in 2014 and is promoted by two directors namely Mr. Ishan Sharma and Mrs. Manju Sharma with the main objective of manufacturing of absorbent sap sheet. The company, based out of Chandigarh, manufactures products such as diapers, sanitary pads, absorbent sheet, etc. which are primarily used in the personal hygiene industry.

Key financial indicators (audited)

	FY2018	FY2019
Operating Income (Rs. crore)	2.13	1.50
PAT (Rs. crore)	0.01	0.03
OPBDIT/OI (%)	4.0%	13.8%
RoCE (%)	0.2%	0.7%
Total Outside Liabilities/Tangible Net Worth (times)	0.25	0.93
Total Debt/OPBDIT (times)	24.35	25.09
Interest Coverage (times)	38.83	3.04
DSCR	38.82	3.29

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2020)				Rating History for the Past 3 Years		
		Type	Amount Rated	Amount Outstanding	Rating	FY2019	FY2018	FY2017
					5-Mar-20			
1	Term Loans	Long Term	25.00	1.41*	[ICRA]B (Stable)	-	-	-

Amount in Rs. crore

*Amount O/s as on 31st march 2019

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan 1	2018	NA	NA	1.41	[ICRA]B(Stable)
NA	Proposed Term Loans	NA	NA	NA	23.59	[ICRA]B(Stable)

Source: FTPL

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

Analyst Contacts

K. Ravichandran

+91 44 45964301
ravichandran@icraindia.com

Vipin Jindal

+91 124 4545 355
vipin.jindal@icraindia.com

Manish Ballabh

+91 124 4545 812
manish.ballabh@icraindia.com

Pankaj Khatri

+91 124 4545 327
pankaj.khatri@icraindia.com

Relationship Contact

Jayanta Chatterjee

+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2020 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents