

Golden Falcon India Private Limited: Reaffirmed

Facilities	Amount (Rs. Crore)	Rating/Outlook
Term Loan	6.14	SMERA B-/Stable (Reaffirmed)
Cash Credit	1.50	SMERA B-/Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA B-** (read as **SMERA B minus**)' on the above mentioned bank facilities of Golden Falcon India Private Limited (GFIPL). The rating continues to be constrained by the company's small scale of operations, decline in revenues and average financial risk profile. However, the rating continues to draw comfort from the experienced management.

Update

GFIPL, established in 2007, is a Surat-based company engaged in the manufacture of knitted fabrics and trading of embroidery machines. The company benefits from its experienced management. Mr. Paresh Jariwala, Partner has over two decades of experience in the textile and allied industry.

GFIPL's operating income stood at Rs.11.41 crore in FY2015-16 as compared to Rs.28.67 crore in FY2014-15. As indicated by the management, the company has booked revenue of Rs.2.70 crore in HY2016-17 from manufacturing of grey cloth.

The average financial risk profile is reflected in the gearing (debt-to-capital ratio) of 1.48 times as on March 31, 2016. The tangible net worth stood at Rs.4.59 crore as on March 31, 2016. The company's interest coverage ratio (ICR) stood at 3.42 times while DSCR was 1.82 in FY2015-16.

Rating Sensitivity Factors

- Sustained growth in revenues and profitability
- Movement in capital structure and coverage indicators
- Efficient working capital management

Outlook-Stable

SMERA believes that GFIPL will continue to maintain a stable outlook and benefit over the medium term from the promoters vast experience in the textile industry. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially while maintaining its operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability amidst intensifying competition in its area of operations.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

GFIPL, incorporated in 2007, is a Surat-based company promoted by Mr. Paresh Jariwala and Mr. Pratik Jariwala. The company is engaged in the manufacture of knitted fabrics and trading of embroidery machines and has setup a facility to manufacture knitted garments at Surat. The commercial operations commenced from February 2015.

For FY2015–16, GFIPL reported profit after tax (PAT) of Rs.0.20 crore on operating income of Rs.11.41 crore as compared with PAT of Rs.0.12 crore on operating income of Rs.28.67 crore in FY2014–15.

Rating History:

Date	Facilities	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
22 September, 2015	Term Loan	6.14	SMERA B- (Assigned)	-	Stable
	Cash Credit	1.50	SMERA B- (Assigned)	-	Stable

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ABOUT SMERA

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