

## Rating Rationale

**Brickwork Ratings assigns ‘BWR B+’ for the Long Term Bank Loan Facilities amounting to ₹ 9.24 Cr of Ambuja Ginning Pressing & Oil Company Private Limited**

Brickwork Ratings has assigned the following **Rating<sup>1</sup>** for Bank Loan Facilities of Ambuja Ginning Pressing & Oil Company Private Limited (**AGPOCPL** or **‘The Company’**).

Facility	Tenure	Rating Amount Rs in Crs	Rating
Cash Credit	Long Term	8.00	<b>BWR B+ (Pronounced BWR B plus) (outlook: Stable)</b>
Term Loan		1.24	
<b>Total Fund Based</b>		<b>9.24</b>	
<b>Total</b>		<b>9.24</b>	

BWR has essentially relied upon audited financial results of FY13, FY14 and FY15, projected financial statements of FY16 & FY17, publicly available information and information provided by the company.

The rating draws strength from the extensive experience of the partners especially in the Cotton industry, strategic location of the company and well diversified customer base. The rating is, however, constrained by modest scale of operations in the intensely competitive Cotton industry, susceptibility to risks arising from the highly regulated and seasonal nature of the cotton industry and fluctuation in cotton prices.

### Background:

Ambuja Ginning Pressing & Oil Company Pvt. Ltd. (AGPOCPL) was incorporated in the year 1995. The company has manufacturing unit in Talaja, Bhavnagar, Gujarat. The company is engaged in cotton ginning & pressing, cotton oil extraction & other allied activities. It is managed by four directors namely Mr. Ashokbhai Lathiya, Mr. Jinabhai Patel, Mr. Manojbhai Lathiya and Mr. Tulshibhai Patel. The company procures raw material mainly from farmers, Dealers and brokers spread over various cities of Gujarat. It currently has 32 double roller ginning machines, one pressing machine (automatic) and five expellers with the installed capacity to produce 600 cotton bales, three MT of cottonseed oil and 30 MT cottonseed oil cake per day (1 shift). Customers are spread over 3-5 states of India.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Financial Performance:

AGPOCPL has reported revenue of Rs.70.01 Cr in FY15 as against that of Rs.49.65 Cr in FY14. The operating profit margin declined from 2.19 percent in FY14 to 1.65 percent in FY15 and Net profit margin declined from 0.08percent in FY14 to 0.03 percent in FY15. The Tangible Net Worth stood at Rs.4.49 Cr with an Overall Gearing of 2.05 times forFY15. The Current Ratio stood at 1.31 times for FY15. During 10 months of FY15, the Company has reported revenue of ~₹ 40 Cr.

### Rating Outlook:

The outlook of the company is expected to be stable for the current year. Going forward, improvement in revenue along with improvement in profitability, improvement in capital structure and moving up in the cotton textile value chain will be the key rating sensitivities.

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