

Rating Rationale

Brickwork Ratings Reaffirms the Rating of 'BWR BB-' (Outlook-Stable) for the Bank Loan facilities aggregating to ₹ 8.00 Cr of Ansh Cotex.

Brickwork Ratings has revised the following **Ratings**¹ for the Bank Loan facilities amounting to ₹8.00 Crores of **Ansh Cotex** sanctioned by *State Bank Of India*.

Facility	Limits (₹ Crores)		Tenure	Rating
	Previous	Present		
Fund Based Cash Credit	8.00	8.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) (Outlook-Stable) Reaffirmed
Term Loan	0.50	0.00		
Total	8.50	8.00	INR Eight crores only	

BWR has principally relied upon the audited financial results up to FY15, projections of FY16 and the publicly available information/clarifications provided by the firm's management.

The rating continues to factor the experience of the promoters in the same line of business, improved operating cycle in FY15 and it has got customers in more than 2 states. The ratings are however constrained by firm's underperformance against FY15 projections, low profitability margins due to raw material price fluctuations, low net worth which has declined resulting in high gearing in FY15. The business operation is also exposed to constitution risk where the possibility of capital getting withdrawn by the proprietor from the business is higher.

Background:

Ansh Cotex(ANC) was established in the year 2007 as a proprietorship concern by Mr.Nitesh Agarwal. It is involved in the ginning of raw cotton into cotton bales and cotton seeds. Its ginning unit is located in Shahgad district, Ambad, Maharashtra. It has an installed capacity of 250-300 bales /day and the current capacity is fully utilised. It has an established relationship with the customers and have got customers from all over India and Pakistan. The major raw material for the process are the kappas(raw cotton) and they are procured from the farmers.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

During FY15, the total revenue of the company was ₹51.34 crores. The operating profit margin is 3.20% in FY15. The debt equity ratio is 2.90 times. The tangible net worth is ₹3.11 Crores as at 31st March, 2015.

Rating Outlook:

Going forward, the ability of the company to improve scale of operations, profitability and to improve its capital structure will remain the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.