

Rating Rationale

Brickwork Ratings has assigned BWR B+ rating for Bank Loan Facility aggregating to ₹ 7.30 Cr of Bansidhar Cotfibre Industries Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the **Rating¹** of **BWR B+** (Pronounced BWR B Plus) with a stable outlook for the long term Bank credit facilities aggregating to Rs.7.30 Crores of Bansidhar Cotfibre Industries Pvt. Ltd.

Facility	Limits in Amount (Cr)	Tenure	Rating ¹
Cash Credit	4.30	Long Term	BWR B+ (Pronounced BWR B Plus) (Outlook- Stable)
Demand Loan against WHR	3.00		
Total Limits	7.30	(INR Seven Crores Thirty Lakhs Only)	

BWR has principally relied upon the audited financials of FY 13 to FY 15, projected financials of FY 16 and FY 17 and information/clarification provided by the company's management.

The rating has positively factored the locational advantage of the ginning unit, extensive experience of the partners in the business and diverse customer base of the entity.

The rating is however constrained by small scale of operation and moderate financial profiles of the entity.

Background

Bansidhar Cotfibre Industries Pvt. Ltd. (BCIPL) was incorporated in Talaja, Bhavnagar, Gujarat as a raw cotton ginning and pressing unit where lint cotton and cotton seeds are separated. Raw cotton are procured from local farmers and lint cotton bales are sold to textile mills, cotton traders and exporters based in Bhavnagar as well as from places like Ahmedabad, Ludhiana, Delhi, Tamil Nadu. Cotton seeds are mainly sold to local oil mills.

Financial Performance

BCIPL posted a revenue of Rs. 22.56 Cr in FY 15, with a decline of 16.38% from the previous year figure of Rs. 26.98 Cr. However in FY 16, there has been a turnaround with a 34.35% growth in the revenue of the firm, as it was proactive in procuring quality raw cotton from the farmers which led to higher order booking from the customers. The firm has reported net profit margin of 0.12% and operating margin of 2.48% in FY 15 with the corresponding figures at 0.53% and 2.41% respectively at FY 14. Decline in net profit margin is due to higher depreciation and interest & finance charges during FY 15. The TNW of the company stood at Rs. 2,89 Cr with the ratio of Total Debt to TNW at 1.64 at the end of March 2015.

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

Outlook

The outlook for the company is expected to be stable. Going forward, ability of the company to increase sales; improve its profitability margin; efficiently manage its working capital and improve critical financial parameters will remain the key rating sensitivities.

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