



Rating Rationale

G.A. Industries

3 April 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 7 Crores of G.A. industries

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based					
Cash Credit	4.50	6.00	Long Term	BWR B- Outlook: Stable	BWR B- Outlook: Stable
Term Loan	0.93	1.00			
Total	5.43	Rs. 7 Crores (Rupees Seven Crores Only.)			

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials up to FY 16, projections up to FY 18 shared by the Firm, publicly available information and information/clarification provided by the partners.

The rating inter alia factors the strategic plant location with respect to proximity to the cotton producing regions, stabilization of operations and partners' ability to infuse equity as per business requirement.

The rating is however constrained by relatively modest scale of operations, lack of historical performance, fragmented industry structure with low product differentiation, seasonality associated with the procurement of raw material resulting into a high working capital intensity of business, geographical concentration and susceptibility of operating margins to the cotton price fluctuation and changes in government policies.

Rating Outlook: Stable

BWR believes the G.A. Industries' business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

G. A. Industries (GAI), a partnership firm, was incorporated in April 2013 by a group of four partners, to start a cotton ginning & pressing unit in Wankaner, Rajkot, Gujarat. The company is primarily managed by Mr. Mahmedhanif Umarbhai Bordiwala and Mr Mahammadrafik Umabhai Bordiwala. The company's processing unit is having a total of 24 ginning machines, on land of 16,188 sq. m., with production capacity of 189,00,000 kgs/annum.

Company Financial Performance

During the FY16, being company's first full year of operations, the company has managed to achieve operating income of ₹27.87 Cr as against ₹21.55 crore in FY15. PBIT stood at ₹1.04 Cr in FY16 as against PBIT of ₹ 1.01 Cr in FY15.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	FY16	FY15	FY14
1	Cash Credit	Long Term	6.00	BWR B-	BWR B-	BWR B-	BWR B-
2	Term Loan	Long Term	1.00	BWR B-	BWR B-	BWR B-	BWR B-

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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.