

Rating Rationale

Grishneshwar Cotton Corporation

05th July 2017

Brickwork Ratings downgraded the ratings for the Bank Loan Facilities of Rs.10.00Cr of Grishneshwar Cotton Corporation

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating	
	Previous	Present		Previous	Present
Fund Based Cash Credit	5.00	10.00	Long Term	BWR B (Pronounced BWR B) Outlook: Stable	BWR B- (Pronounced BWR B Minus) Outlook: Stable
Total	5.00	10.00		(INR Five Crores only)	(INR Ten Crores only)

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials up to FY16, provisional of FY17 & projections up to FY18 of Grishneshwar Cotton Corporation, publicly available information and information/clarifications provided by the company.

The rating draws strength from the extensive experience of the managing partner in the production and sales of cotton mill products for more than 20 Years, support from group companies which are in the same line of business, and the group's healthy relationship with suppliers and customers. However, the ratings are constrained by nascent stage of operations, revenue visibility of the company, low net worth and moderate level of revenues, history of over drawings in bank borrowings, low margins inherent to trading and intense competition in the cotton trading sector. Going forward, the ability of the concern to achieve its projected revenues and profitability and manage its working capital and capital structure efficiently would be key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Grishneshwar Cotton Corporation** 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 Concern

M/s. Grishneshwar Cotton Corporation, a Proprietorship concern established in the year 2014.

The concern has registered office situated in Aurangabad, Maharashtra and having its depot at Annur, Coimbatore. The concern is engaged in trading of cotton, yarn and other products. The concern proposes to purchase of Mech-29 MM Cotton, Bunny-30 MM Cotton and MC5-31 MM Cotton depending upon the requirements of spinning mills in Tamil Nadu. The concern mainly procures the cotton from Aurangabad.

Mr. R. Nandakumar, aged around 35 years is the proprietor of the concern. The proprietor has experience of more than 14 years in the field of cotton trading, ginning, spinning and Export.

Financial Performance of the Concern

Total Operating income in FY16 is ₹45.59 Crs, Net Loss in FY16 is -₹0.10Crs and Net-Worth stood at ₹0.94 Crs in FY 16

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

Sl. No.	Instrument/Facility	Current Rating (2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1.	Cash Credit	Long Term	10.00	BWR B-	NA	BWR B	NA



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)

Analytical Contacts	Media
Varadarajan R - Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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.