

Rating Rationale

M/s Shreenathji Cotgin Pvt Ltd

3 April 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.8.00 Crores (INR Eight Crores Only) of M/s Shreenathji Cotgin Pvt Ltd. (SCPL)

Particulars

Facility Rated	Amount (₹ Cr)	Tenure	Rating*
Fund Based	8.00	Long Term	BWR B+ (Outlook Stable) (Pronounced as BWR Single B Plus)
Cash Credit	8.00		
Total	Rs 8.00 crores (Rupees Eight 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 audited financial results of FY16, projected financial statements of FY17 & FY18, publicly available information and information/clarifications provided by the management.

The rating draws strength from the extensive experience of the promoters in the business, increasing revenues, locational advantage and a low customer concentration risk. However, the ratings are constrained by low scale of operations, thin profit margins and a highly fragmented cotton & ginning industry.

Rating Outlook: Stable

BWR believes that the M/s Shreenathji Cotgin Pvt Ltd 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 Company

Shreenathji Cotgin Private Limited (SCPL) was incorporated in December 2010. The Company is involved in the business of ginning & pressing of raw cotton. The company's plant is located in Jasdán, Rajkot & is equipped with twenty four ginning machines & one pressing machine with a capacity to produce 120 bales per day. The company is promoted and managed by Mr. Sudhirkumar Raja.

Company Financial Performance

Revenues have increased from Rs 37.07 Crs (FY15) to Rs 48.73cr in FY16. PAT has been stagnant at Rs.0.10 Crs. However, EBIDTA has improved from 0.94% (FY15) to 2.20% in FY 16.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Fund Based	Long Term	8.00	BWR B+	N.A	N.A	N.A

Status of non-cooperation with previous CRA: Not Applicable.

Hyperlink/Reference to Applicable Criteria

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

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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.