



Rating Rationale

Sri Bhagirath Textiles Ltd

16 Aug 2017

Brickwork Ratings upgraded the long term ratings and reaffirms the short term rating for the Bank Loan Facilities of Rs. 166.56 Crs of Sri Bhagirath Textiles Ltd.

Particulars

Facility Rated	Amount (Rs. Cr)		Tenure	Rating ¹	
	Previous	Present		Previous	Present
Fund Based (FB)					
Cash Credit	50.00	50.00	Long Term	BWR BBB (Pronounced BWR Triple B) (Outlook - Stable)	BWR BBB+ (Pronounced BWR Triple B Plus) (Outlook - Stable)
(Sub-limit of Cash Credit) EPC/ EBD/ PCFC	`(20.00)	`(20.00)			
Term Loan	79.68	65.56			
Proposed Term Loan	—	15.00			
STD L	20.00	20.00			
SLC	6.00	6.00			
Non- Fund Based (NFB)					
Letter of Credit (Sublimit of CC)	`(10.00)	`(10.00)	Short Term	BWR A3 (Pronounced BWR A Three)	BWR A3 (Pronounced BWR A Three)
Bank Guarantee	10.00	10.00			
Total Limits	165.68	166.56	(INR One Hundred & Sixty-Six Crores & Fifty-Six Lakhs Only)		

¹ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Upgraded:

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials up to FY17 and projected financials of FY18 and FY19, publicly available information and information/clarification provided by the management.



The rating has been upgraded and continued to draw comfort from the promoter's experience in textile industry, long standing relations with reputed customers base, group presence in textile value chain, modest financial profile marked by Y-O-Y increase in sales, comfortable leverage position and debt protection metrics and promoter's ability to infuse the funds as per business requirement.

However, the rating is constrained by relatively moderate scale of operations, seasonality associated with the procurement of raw material resulting into a high working capital intensity of business and susceptibility of operating margins to the raw material price fluctuation.

Going forward, the ability to stabilize the operations of expanded capacity as envisaged, while maintaining favorable capital structure along with substantial improvement in revenue, profitability and net worth and ability to achieve the projections will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Sri Bhagirath Textiles 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 profitability 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

Sri Bhagirath Textiles Ltd was incorporated on February 27, 1991. SBTL, a closely held family owned company, commenced its operation in 1991 by venturing in cotton trading. Primary business activity of SBTL is manufacturing and sale of cotton/blended yarn. SBTL manufactures ring spun polyester/viscose, polyester/cotton, 100% viscose single and double yarn in the count range of 40-50s. SBTL also manufactures 100% cotton yarn at open-ended spindles having count range of 12-30s. SBTL is also engaged in the trading of cotton bales.

SBTL is the flagship company of Nagpur-based SB Rander group. The group has its presence in diversified business activities, including ginning, cotton trading, quarries, marbles and infrastructure.



Company Financial Performance

During FY17, the company reported revenues of Rs. 477.50 crs as compared to Rs. 368.10 crs in FY16. The company recorded a profit after tax of Rs. 10.27 crs compared to (Rs. 12.06) in FY16. As on FY17, the company's net worth stood at Rs. 45.67 crs and debt of Rs. 189.03 crs with debt: equity of 4.14 times. Promoters has also infused unsecured loan of Rs.45.46 Crs which will be gradually converted into equity as per promoters.

Rating History for the last three years

SI No	Facility	Current Rating (Year 2017)			Rating*		
		Type	Amount (Rs. Crs)	Rating	2016	2015	2014
Fund Based (FB)							
1	Cash Credit	Long Term	50.00	BWR BBB+ (Pronounced BWR Triple B Plus) (Outlook - Stable)	BWR BBB (Pronounced BWR Triple B) (Outlook - Stable)	BWR BBB (Pronounced BWR Triple B) (Outlook - Stable)	-
2	(Sub-limit of Cash Credit) EPC/ EBD/ PCFC		20.00				
3	Term Loan		65.56				
4	Proposed Term Loan		15.00				
5	STD L		20.00				
6	SLC		6.00				
Non- Fund Based (NFB)							
7	Letter of Credit (Sublimit of CC)	Short Term	10.00	BWR A3 (Pronounced BWR A Three)	BWR A3 (Pronounced BWR A Three)	BWR A3 (Pronounced BWR A Three)	-
8	Bank Guarantee		10.00				
Total Limits			166.56	(INR One Hundred & Sixty-Six Crores & Fifty-Six Lakhs Only)			

Hyperlink/Reference to applicable Criteria

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

Analytical Contacts	Media
Bal Krishna Piparaiya CGM-Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	



Annexure

Key Parameters	FY 15 (Audited)	FY 16 (Audited)	FY 17 (Audited)
Net Sales/Revenues	210.08	368.1	477.5
EBIDTA	7.64	2.92	28.1
PAT	0.82	-12.06	10.27
Tangible Net worth	47.35	35.34	45.67
Total Debt: TNW	2.5	5.65	4.14
Current Ratio	1.09	1.15	1.06

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

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