



Bijasani Ginning and Pressing Factory (BGPF)

September 30, 2015

Facilities	Amount (Rs. Crore)	Rating
Fund Based Working Capital	5.00	SMERA B+/Stable (Assigned)
Standby Line of Credit	0.75	SMERA B+/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.5.75 crore bank facilities of Bijasani Ginning and Pressing Factory (BGPF). The rating is constrained by the firm's small scale of operations, average financial risk profile marked by high gearing and low net worth. The rating is also constrained by the firm's working capital intensive operations, volatility in raw material prices and government regulations. However, the rating draws comfort from the firm's experienced management and absence of long term debt.

Outlook: Stable

SMERA expects BGPF to maintain its business risk profile backed by promoters' experience in the textile industry. The outlook may be revised to 'Positive' if the scale of operation of the firm improves with improvement in profit margins leading to better financial flexibility. Conversely, the outlook may be revised to 'Negative' in case of adverse changes in government policies regarding minimum support price and more-than-expected inventory days.

Rating Sensitivity Factors

- Ability to improve scale of operation as well as profit margins.
- Volatility in raw material prices impacting profitability.
- Adverse changes in government policies.

About the Firm

BGPF, a Jalgaon-based partnership firm, established in 2008 by Mr. Sanjay Choudhary and Mr. Umesh Choudhary is engaged in the ginning of cotton.

For FY2014-15, BGPF reported profit after tax (PAT) of Rs.0.08 crore on operating income of Rs.38.54 crore, as compared with PAT of Rs.0.08 crore on operating income of Rs.40.39 crore in the previous year. The firm's net worth stood at Rs.2.79 crore as on March 31, 2015, as compared with Rs.2.59 crore a year earlier.

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SMERA RATINGS LIMITED

Bijasani Ginning and Pressing Factory (BGPF)

**Rating
Rationale**

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