

Press Release

Bijasani Ginning and Pressing Factory

30 January, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs.5.75 Cr
Long Term Rating	SMERA B+/Stable(Reaffirmed)

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA B+**' (**read as SMERA B plus**) on the Rs.5.75 crore, bank facilities of Bijasani Ginning and Pressing Factory (BGPF). The outlook is '**Stable**'.

SMERA has also withdrawn the long term rating of '**SMERA B+**' (**read as SMERA B plus**) on the Rs.0.75 crore on the standby line of credit (SLC) as the dues have been fully repaid.

BGPF, established in 2008 is engaged in the ginning of cotton.

List of key rating drivers and their detailed description

Strengths:

Experienced management: The firm

benefits from its experienced management. Mr. Sanjay Choudhary and Mr. Umesh Choudary, Partners possess more than 15 years of experience in the textile industry.

Moderate scale of operations: The revenues of the company stood at a moderate level of around Rs. 34.73 crore in FY2016 as against Rs.38.54 crore in FY2015. The company registered revenue of around Rs.27 crore from April to November 2016.

Weaknesses:

Below average financial risk profile: The below average financial risk profile is marked by low networth of Rs.2.94 crore in FY2016. The gearing levels stood high at 2.57 times. The interest coverage ratio (ICR) has been moderate at 1.46 times and debt service coverage ratio (DSCR) at 1.46 times in FY2016. The NCA/TD stands at 0.04 times in FY2016.

Working capital intensive operations: The operations are working capital intensive marked by high gross current asset days of 104 in FY2016 as against 77 days in FY2015. This necessitates working capital requirement as major funds gets blocked in inventory. The inventory days stands at 89 in FY2016, an increase from 54 days in FY2015.

Analytical approach: SMERA has considered the standalone business and financial risk profile of BGPF.

Applicable Criteria:

- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities: <https://www.smera.in/criteria-manufacturing.htm>

Outlook: Stable

SMERA believes that BGPF will maintain a stable outlook in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

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 and pressing of cotton.

For FY2015-16, BGPF reported profit after tax (PAT) of Rs.0.17 crore on total operating income of Rs.34.73 crore, as compared with PAT of Rs.0.11 crore on total operating income of Rs.38.54 crore in FY2014-15.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Fund Based Working Capital	LT	5.75	SMERA B+/Stable (Reaffirmed)	-	-	30 Sep, 2015	SMERA B+/Stable (Assigned)	-	-
Standby Line of Credit#	LT	-	-	-	-	30 Sep, 2015	SMERA B+/Stable (Assigned)	-	-

SMERA has withdrawn the rating of Rs 0.75 crore as the limit has been fully repaid.

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Fund Based Working Capital	N.A	N.A	N.A	5.75	SMERA B+/Stable (Reaffirmed)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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