

Press Release

Bonie Enclave Private Limited

September 26, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.80 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) to the Rs. 6.80 crore bank facilities of Bonie Enclave Private Limited (BEPL). The outlook is '**Stable**'.

BEPL is a Kolkata based company promoted by Mr. Ishwar Ahuja, Mr. Gopal Ahuja and Mrs. Gul Ahuja. The company is in process of establishing a manufacturing unit for production of knitted fabric garments for children. The proposed installed capacity stands at 20,000 pieces per day. The total project cost stands at Rs.14.25 crore with promoters contribution of Rs.4.97 crore, unsecured loan from promoters of Rs.2.48 crore and term loan financing of Rs.6.80 crore.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of BEPL to arrive at this rating.

Key Rating Drivers:

Strengths

- **Experienced management**

BEPL benefits from the extensive experience of promoters in readymade knitted garment segment by virtue of their association with its sister concerns- Bonie Apparel Private Limited and Bonie Exports Private Limited. The long track records of promoters have resulted in established relations with buyers and suppliers.

Weaknesses

- **Susceptibility to off take risk**

BEPL's operations are expected to commence in April, 2019. Of the total project outlay of Rs 14.25 the company has already incurred 60 percent with the balance cost to be incurred for the cost of plant and machinery. Timely completion of the project and adequate ramp-up in operations will be key monitorable.

- **Susceptibility to fluctuations in raw material price, forex risk**

BEPL revenue profile is expected to depend solely on export of readymade garments to United States and United Kingdom. Any adverse movement in forex rates can, therefore, impact realizations and cash accruals. Further, the company is exposed to any adverse movement in raw material prices of knitted fabric and partial oriented yarns. Inability to entirely pass on any price rise on account of fragment and competitive nature of industry can impact the profit margins of the company. However, the risk is partially mitigated as the company sources 100 percent of its requirement of knitted fabric from its sister concern Bonie Exports Private Limited.

Outlook: Stable

Acuite believes that the outlook on BEPL will remain 'Stable' over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case of timely completion of the project and timely off take of the project. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays or lower than expected growth in revenue and profitability.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.43	0.06	0.06
EBITDA	Rs. Cr.	-0.08	-0.01	-0.04
PAT	Rs. Cr.	-0.08	0.07	0.04
EBITDA Margin	(%)	-18.01	-19.53	-60.11
PAT Margin	(%)	-18.13	119.01	74.49
ROCE	(%)	0.07	1.37	1.46
Total Debt/Tangible Net Worth	Times	0.19	0.06	0.00
PBDIT/Interest	Times	106.15	3.63	1056.13
Total Debt/PBDIT	Times	255.55	4.60	0.00
Gross Current Assets (Days)	Days	2182	48733	35227

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	6.80	ACUITE B / Stable

Analytical	Rating Desk
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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI

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