



Vikas Cotex

Instrument	Amount Rated	Rating Action
Cash Credit	Rs. 12.35 crore	[ICRA]B reaffirmed
Term Loan	Rs. 2.35 crore	[ICRA]B reaffirmed
Unallocated Limits	Rs. 5.30 crore	[ICRA]B reaffirmed

ICRA has reaffirmed the long-term rating of [ICRA]B (pronounced ICRA B) for Rs. 12.35 crore* cash credit facility, Rs. 2.35 crore term loans and Rs. 5.30 crore unallocated limits of Vikas Cotex (VC)†.

The reaffirmation of the rating takes into account VC's relatively modest scale of operations; its low profitability due to limited value additive nature of operations and intense competition in a fragmented industry; and its leveraged capital structure due to small net-worth base. The ratings further take into account the firm's exposure to commodity price volatility, agro-climatic conditions and cotton export-related government regulations. ICRA also notes that VC is a partnership firm and any significant withdrawals from the capital account could adversely impact its net worth and thereby the credit profile.

The rating, however, continues to positively consider the experience of the partners in the cotton industry; the healthy ramp up of operations in 10M FY15 following stabilisation of operations; and the locational advantage of the firm giving it easy access to high quality raw cotton.

Firm's Profile

Incorporated in the year August 2013, Vikas Cotex (VC) is engaged in the business of cotton ginning. The firm commenced commercial production from February 2014 from its manufacturing facility located at Wankaner, Dist. Rajkot in Gujarat. The unit is equipped with 48 ginning machines and 1 pressing machine, having processing capacity of ~31000 metric tonnes per annum (MTPA) of raw cotton. VC is a partnership firm with the promoters having an extensive experience in the cotton industry.

Recent Result

During FY 2014, VC reported an operating income of Rs. 3.52 crore and net loss of Rs. 0.20. Further, in 9M FY 2015 (as per provisional financials), VC reported operating income of Rs. 39.16 crore and profit before tax of Rs. 2.26 crore.

March 2015

For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 30470050)
subrata@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91-22-2433 1084)
shivakumar@icraindia.com

* 100 lakhs = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



© Copyright, 2015, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax: +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500