



G.B. Cotton Industries

Instrument	Amount Rated (In Rs.)	Rating Action
Cash Credit	Rs. 10.00 crore	[ICRA]B+ assigned

A rating of [ICRA]B+ (pronounced ICRA B plus) has been assigned to the Rs. 10.00 crore* long-term, fund based facilities of G.B. Cotton Industries (GBCI)†.

The assigned rating takes into account GBCI's weak financial profile characterized by low profitability levels, owing to the limited value addition in the business and the highly competitive and fragmented industry structure; stretched capital structure and weak coverage indicators. The rating is also constrained by the vulnerability of the firm's profitability to raw material prices which are subject to seasonality, and crop harvest; and the regulatory risks with regard to MSP fixed by GoI and restrictions on cotton exports. ICRA also notes that GBCI is a partnership firm and any significant withdrawals from the capital account could affect its net worth and thereby its capital structure.

The rating, however, positively considers the established track record of the firm in the cotton ginning industry, its reputed clientele base and the healthy scaling up of operations in the current fiscal. The rating also favorably considers the advantage the firm enjoys by virtue of its location in the cotton producing belt of Mehsana (Gujarat) providing easy access to raw material (raw cotton).

Entity Profile

Established in 1999, G.B. Cotton Industries (GBCI) is engaged in the business of ginning and pressing of raw cotton into cotton seeds and fully pressed cotton bales as well as crushing of cotton seeds to obtain cotton seed oil and cotton oil cake. The manufacturing facility, located in Kadi (Mehsana), is equipped with forty ginning machines and one pressing machine with a capacity to produce 400 cotton bales with 23 hours (considering 1 hour for cleaning) of operations. The plant is also equipped with six expellers for cotton seed crushing having an intake capacity of ~32.50 MTPD. The firm is promoted and managed by Mr. Rajesh Patel along with his relatives and friends with key promoters having an experience of more than a decade in the cotton ginning industry.

December 2014

For further details please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 61796386)
subrata@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91-22-6179 6393)
shivakumar@icraindia.com

© Copyright, 2014, 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.

* 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.

**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