

Bombay Fancy Store

March 10, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	34.28 (Reduced from 44.17)	CARE BB-; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE B+; Stable
Long Term / Short Term Bank Facilities	15.72 (Enhanced from 12.83)	CARE BB-; Stable / CARE A4	Rating removed from ISSUER NOT COOPERATING category and LT rating upgraded from CARE B+; Stable and ST rating reaffirmed
Short Term Bank Facilities	10.00 (Reduced from 20.00)	CARE A4	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed

Details of instruments/facilities in Annexure-1.

The ratings previously assigned to the bank facilities of Bombay Fancy Store (BFS) were denoted as CARE B+; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING; Since, the firm did not provide the requisite information for monitoring the ratings. Further, in line with the extant SEBI guidelines, CARE Ratings Limited (CARE Ratings) reviewed the ratings on the basis of the best available information. However, the firm has now submitted the requisite information to monitor the ratings and CARE Ratings has carried out a full review of the ratings and the ratings stands at 'CARE BB-; Stable/ CARE A4'.

Rationale and key rating drivers

The ratings assigned to the bank facilities of BFS factor in the modest and fluctuating scale of operations with a modest net worth base and low profitability margins. Further, the ratings are constrained by the leveraged capital structure coupled with weak coverage indicators, as well as the highly fragmented nature of the industry characterized by intense competition. The ratings also remain constrained by foreign exchange fluctuation risk and the constitution of the entity being a partnership firm. However, the ratings are supported by experienced partners and a moderate operating cycle.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations as marked by total operating income of above Rs.280 crore over the medium term on sustained basis.
- Improvement in profitability margins as marked by PBILDT margin above 4.50% on sustained basis.

Negative factors

- Sustained deterioration in the capital structure as marked by overall gearing ratio of above 4.25x.
- Deterioration in Interest coverage to below 1.05x on sustained basis.
- Elongation in the operating cycle of the firm beyond 90 days on sustained basis

Analytical approach: Standalone

Outlook: Stable

"Stable" outlook reflects CARE Ratings' opinion that BFS will continue to derive benefit from its long-standing experience of partners in the industry.

Detailed description of key rating drivers:

Key weaknesses

Modest and fluctuating scale of operations: The scale of operations remains modest, with total operating income (TOI) of Rs. 211.96 crore in FY24 (refers to April 1 to March 31), slightly down from Rs. 215.10 crore in FY23. The gross cash accruals

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

(GCA) have shown a slight improvement to Rs. 2.49 crore in FY24 from Rs. 2.34 crore in FY23. During 10MFY25 (refers to April 1 to January b31), TOI of firm stood at Rs. 74.95 crore which moderated owing to reduced trading of imported polymers.

Low profitability margins: The PBILDT margin of the firm remained low at 1.54% in FY24 from 1.70% in FY23 owing to trading nature of operations having inherently low profitability margins. The PAT margin has shown a slight improvement to 1.06% in FY24 from 0.99% in FY23. Provisional figures for 10MFY25 indicate a PBILDT margin of 5.95% and a PAT margin of 1.45%.

Leveraged capital structure and weak coverage indicators: The capital structure of the firm remains leveraged as of the past three balance sheet dates ending March 31, 2024, due to persistently high debt levels against a modest net worth base. The overall gearing ratio, although improved to 2.71x as on March 31, 2024, from 3.84x as on March 31, 2023. The interest coverage ratio has further deteriorated to 0.77x in FY24 from 1.11x in FY23, however, firm had non-operating income which supported the interest servicing of the firm. The total debt to GCA ratio, while improved to 23.40x in FY24 from 31.85x in FY23, continues to reflect weak debt coverage. As on January 31, 2025, provisional figures indicate an improvement in the overall gearing ratio to 1.66x and the interest coverage ratio to 1.46x, suggesting better debt management and reduced interest expenses relative to operating profit.

Highly fragmented nature of industry characterized by intense competition: The spectrum of the trading industry in which the firm operates is highly fragmented and competitive marked by the presence of numerous players in India. Hence, the players in the industry do not have any pricing power and are exposed to competition which induced pressures on profitability. Also, due to low entry barriers in the industry and low value-added nature of products, high competition is the inherent risk associated with the trading nature of business operations which further impacts the profitability margins.

Foreign exchange fluctuation risk: BFS has procured ~70 % of its purchases from Saudi Arabia, United Arab Emirates, South Korea, Japan and Thailand with initial cash outlay for procurement in foreign currency and entire sales realization in domestic currency, the firm is exposed to the fluctuation in exchange rates. Moreover, the firm has no defined policy of hedging which exposes it to risks of any sharp depreciation in the value of rupee against foreign currency which may impact its profitability margins. Therefore, operating margin remains vulnerable to volatility in foreign exchange rates fluctuations.

Constitution of the entity being a partnership firm: BFS constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partners' capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partners. Moreover, the partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factor from credit perspective.

Key strengths

Experienced partners: BFS is a family run business established in the year 1988. Satish Kumar and Suresh Kumar are two partners and they collectively look after the overall operations of the firm. Satish Kumar is a graduate and looks after the administration department along day-to-day operations of the firm. Suresh Kumar looks after the Purchase department, imports and export department and also manages the overall operations of the firm. The firm is having a considerable track record in this business which has resulted in long term relationships with both suppliers and customers.

Moderate operating cycle: The operating cycle of the firm stood at 81 days for FY24 as against 52 days in FY23. BFS is required to maintain adequate inventory of traded products to cater the immediate demand of its customers, resulting in an average inventory holding period of around 62 days for FY24. Further, being in highly competitive nature of industry, the firm normally extends credit period of around 79 days to its customers. The average utilization of working capital limits remained ~80-95% utilized for the past 12 months ended January 2025. The LC backed creditors is Nil as on 31st March 2024. (P.Y:27.85). The purchase is done through LC and usance of LC is upto 90 days.

Liquidity: Stretched

The liquidity position of the firm remained stretched, characterized by high average utilization of working capital limits of around 80%-95% for the past 12 months ending January 2025. Further, the firm has low free cash and bank balances, which stood at Rs. 0.01 crore as on March 31, 2024 and Rs. 0.06 crore on January 31, 2025. However, the firm has moderate accruals vis-à-vis repayment obligations. The firm has reported net cash accruals (NCA) to the extent of Rs. 2.49 crore during FY24 and Rs. 1.27 crore in 10MFY25.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Wholesale Trading](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Garments & Apparels

M/s. Bombay Fancy Store (BFS) is a partnership firm established by Mr. Suresh Kumar and Mr. Satish Kumar in the year 1988. BFS is one of the leading Trader of various Polymers including HDPE, LLDPE, LDPE, PP, PPCP, PVC, EVA, PC, ABS. The firm caters to a large customer base of around 300+ customers. based at Delhi, U.P, Haryana, Rajasthan, Punjab, Himachal Pradesh and other parts of North and Central India. BFS is also operating as DCA i.e. Del Credere Associate for M/s Indian Oil Corporation Ltd (IOCL) For selling their HDPE, LLDPE, PP & PPCP products.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	10MFY25 (UA)
Total operating income	215.10	211.96	74.95
PBILDT	3.66	3.27	4.46
PAT	2.13	2.26	1.09
Overall gearing (times)	3.84	2.71	1.66
Interest coverage (times)	1.11	0.77	1.46

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	33.00	CARE BB-; Stable
Fund-based - LT-Term Loan	-	-	-	2027	1.28	CARE BB-; Stable
Fund-based/Non-fund-based-LT/ST	-	-	-	-	15.72	CARE BB-; Stable / CARE A4
Non-fund-based - ST-Letter of credit	-	-	-	-	10.00	CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	33.00	CARE BB-; Stable	1)CARE B+; Stable; ISSUER NOT COOPERATING* (02-Jan-25)	1)CARE BB-; Stable (06-Feb-24)	-	-
2	Fund-based - LT-Term Loan	LT	1.28	CARE BB-; Stable	1)CARE B+; Stable; ISSUER NOT COOPERATING* (02-Jan-25)	1)CARE BB-; Stable (06-Feb-24)	-	-
3	Non-fund-based - ST-Letter of credit	ST	10.00	CARE A4	1)CARE A4; ISSUER NOT COOPERATING* (02-Jan-25)	1)CARE A4 (06-Feb-24)	-	-
4	Fund-based/Non-fund-based-LT/ST	LT/ST	15.72	CARE BB-; Stable / CARE A4	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (02-Jan-25)	1)CARE BB-; Stable / CARE A4 (06-Feb-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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