

**Bansal Yarns Private Limited**  
 February 25, 2021

**Ratings**

Facilities / Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	2.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE BB-; Stable (Double B Minus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	6.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
<b>Total Facilities</b>	<b>8.00</b> (Rs. Eight Crore Only)		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from Bansal Yarns Private Limited to monitor the rating vide letter dated February 5, 2021 and e mail communications dated February 4, 2021, January 12, 2021, January 5, 2021 and numerous phone calls. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Bansal Yarns Private Limited facilities will now be denoted as **CARE B+; Stable/CARE A4 Issuer Not Cooperating**.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

**Detailed description of the key rating drivers**

The revision in the rating takes into account the non-availability of requisite information due to non-cooperation by BYPL with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile. The rating assigned to BYPL continues to remain constrained due to highly competitive and fragmented industry with susceptibility to government regulations. The rating, however, derives strength from experienced promoters and long track record of operations.

**Key Rating Weaknesses****Highly competitive and fragmented industry with susceptibility to government regulations**

Cotton yarn business in India is highly fragmented with presence of a large number of small and medium scale units. Due to high degree of fragmentation, small players hold very low bargaining power against both its customers as well as its suppliers resulting in such companies operating at low profit margins. Further, the yarn prices are regulated by demand-supply marketization, which in turn limits the bargaining power of the entities.

**Key Rating Strengths****Experienced promoters and long track record of operations**

The company commenced operations in 2008. BYPL is currently being managed by Mr. Bachan Lal Bansal and Mr. Ajay Bansal. Mr. Bachan Lal Bansal and Mr. Ajay Bansal have work experience of around four decades and two and a half decades respectively through their association with BYPL, group concerns and other family run business. The directors have adequate acumen about various aspects of business which is likely to benefit BYPL in the long run.

**Analytical approach:** Standalone

**Applicable Criteria****Policy in respect of Non-cooperation by issuer**

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

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

[Financial ratios –Non-Financial Sector](#)

[Rating Methodology - Wholesale Trading](#)

[Criteria for Short Term Instruments](#)

#### About the Company

Bansal Yarns Private Limited (BYPL), based in Panipat (Haryana), was incorporated in June 2008 as a private limited company. The company is currently being managed by Mr. Bachan Lal Bansal and Mr. Ajay Bansal. BYPL is engaged in trading of cotton yarn at its facility located in Panipat, Haryana. The product line includes yarn of different counts depending upon the customer requirement.

Brief Financials (Rs. crore)	31-03-2018	31-03-2019
	A	A
Total operating income	72.09	75.69
PBILDT	1.82	1.30
PAT	1.11	0.72
Overall gearing (times)	0.53	1.24
Interest coverage (times)	12.77	3.93

A: Audited

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	2.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	6.00	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	2.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (05-Mar-20)	1)CARE BB-; Stable (07-Jan-19)	1)CARE BB-; Stable (28-Dec-17)
2.	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (07-Jan-19)	1)CARE BB-; Stable (28-Dec-17)
3.	Non-fund-based - ST-Letter of credit	ST	6.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (05-Mar-20)	1)CARE A4 (07-Jan-19)	1)CARE A4 (28-Dec-17)

*Issuer did not cooperate; Based on best available information*

**Annexure-3: Detailed explanation of covenants of the rated facilities: Not Applicable**
**Annexure 4: Complexity level of various instruments rated for this Company**

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

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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