

CARE Due Diligence Services



Due Diligence Report

Name of the Entity	Bohra Industries Limited
Location	4887-94, Umarda, Zamar Kotra Road, Udaipur-313014, Rajasthan
Operational Status	Operational
Report Date	March 09, 2017

CARE Due Diligence Report– INDEX	
STRENGTHS AND WEAKNESSES	2
BRIEF SNAPSHOT OF ENTITY	4-6
ORGANISATION & MANAGEMENT	7
PROFILE OF THE PROMOTERS	7-8
MANAGEMENT & BOARD OF DIRECTORS	9-10
MANAGEMENT & OWNERSHIP STRUCTURE	12-14
BUSINESS PROFILE	
BUSINESS PROFILE ANALYSIS	15
OPERATIONS OVERVIEW	15-18
CUSTOMER & SUPPLIER ANALYSIS	19-21
BUSINESS ACTIVITY DETAILS	21
INDUSTRY ANALYSIS	22-23
SITE VISIT REPORT	24-25
FINANCIAL PERFORMANCE	
PROFITABILITY STATEMENT	26-27
COST STRUCTURE	28-30
BALANCE SHEET: ASSETS	31-33
BALANCE SHEET: LIABILITIES	34-39
SUMMARY OF RATIOS	40
PROFITABILITY ANALYSIS	41
LIQUIDITY ANALYSIS	42
FINANCIAL FLEXIBILITY	45
DEBT PROTECTION INDICATORS	46
BANKERS & AUDITORS DUE DILIGENCE	47
KEY FINDINGS	48

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CARE Due Diligence Report– STRENGTHS AND WEAKNESSES**Key Strengths**

- *Well-experienced promoters and management in the similar industry*
- *Diversified geographical presence*
- *Healthy but declining PBILDT margins*
- *Moderate capital structure*

Key weaknesses

- *Weak debt coverage indicators*
- *Working capital-intensive nature of operations with high inventory holding and long collection period leading to high utilization of working capital borrowings*
- *Expose to raw material price fluctuation and foreign exchange fluctuation risk.*
- *Presence in the highly competitive and fragmented industry and regulated by Rajasthan State Pollution Control Board, Jaipur.*
- *Project execution risk*

Note:

- *To undertake the due diligence, CARE has relied at the information provided by the management, their deputed/ instructed by the management and Draft Red Herring Prospectus.*
- *For undertaking the financial analysis, we have primarily relied on the following financial statements provided by the management:*
 - *Audited financials for the financial year ending March 31, 2012, audited by M/s Agarwal Gupta & Maheshwari and signed by Mr. Arvind Agarwal dated August 10, 2012.*
 - *Audited financials for the financial year ending March 31, 2013, audited by M/s Agarwal Gupta & Maheshwari and signed by Mr. Arvind Agarwal dated May 31, 2013.*
 - *Audited financials for the financial year ending March 31, 2014, audited by M/s Agarwal Gupta & Maheshwari and signed by Mr. Arvind Agarwal dated September 03, 2014.*
 - *Audited financials for the financial year ending March 31, 2015, audited by M/s Agarwal Gupta & Maheshwari and signed by Mr. Arvind Agarwal dated July 25, 2015.*
 - *Audited financials for the financial year ending March 31, 2016, audited by M/s Agarwal Gupta & Maheshwari and signed by Mr. Arvind Agarwal dated September 08, 2016.*

DRHP consists of financials till March 31, 2016; thus, CARE has also considered financials till only March 31, 2016.

- *As a part of the due diligence exercise for NSE, CARE also*
 - *Reviews financials submitted by the company with Ministry of Corporate Affairs.*
 - *Undertakes Site visit and management discussion*
 - *Due Diligence with lenders and auditors*
 - *Due Diligence with customers and suppliers.*
- *However, please note that*
 - *Due diligence exercise by CARE is not an audit and also not a recommendation for entering into any transaction with the entity.*
 - *CARE does not guarantee the accuracy, completeness or adequacy of any information on which this report is based. CARE is not responsible for any error / omissions for the results/opinions obtained for the use of this report.*

BRIEF SNAPSHOT OF ENTITY

Name	Bohra Industries Limited				
Year of Incorporation	November 28, 1996 (incorporated as Aminag Minchem Private Limited)				
Constitution	Public limited company				
Nature of Business	Manufacturing				
Industry	Fertilizer Industry				
Products Manufactured	Manufacturing of Single Super Phosphate (SSP) fertilizers				
Registered Office	301, Anand Plaza, University Road, Udaipur -313001, Rajasthan				
Location of Plant	4887-94,Umarada, ZamarKotra Road,Udaipur-313014, Rajasthan				
Key Promoters name	Mr. Hemant Kumar Bohra , Managing Director				
Key regulatory approvals, certifications and membership	ISO 9001:2008 ISO 14001:2004 OHSAS 18001:2007				
Major Brands	MAHALAXMI				
Name of the Auditor	Mr. Arvind Agarwal				
Major Existing Bankers	State Bank of India				
Total number of employees	75				
Total income for latest year	Rs.11299.69 Lakh				
Wilful defaulter as per CIBIL	No as on December 31, 2016				
Litigations	Cases Against	Particulars	Nature & Number of Case	Amount involved	Current status and managements response
	State of Rajasthan V. M/s Khandelwal & Bros & Bohra Industries Limited	SSP fertilizers were not found as per standards laid down by the government of India under the Fertilizer control order, 1985	Criminal	-	Awaiting for hearing date.
	State of Rajasthan V. M/s Kesrilal & Bohra Industries Limited	SSP fertilizers were not found as per standards laid down by the government of India under the Fertilizer control order, 1985	Criminal	-	Awaiting for hearing date.
	The Central Builders Association V. Bohra Industries Limited	Default in payment of rent of premises provided by The Central Builders Association & Damages for occupancy of premises	Civil	Rs.37.82 lakhs	Awaiting for hearing date.
	Laxmilal Dangi V. Commissioner , Employess, Provident Fund,Manager Employees State Insurance Corporation & General	Name has not changed in Employee State and Insurance Employees Provided Fund	Civil	-	Awaiting for hearing date.

	Manager (Bohra Industries Limited)				
	Bohra Industries Limited V. Indian Potash Limited	Interim protection and termination of agreement for Supply of SSP and offering of plant facilities for production of SSP	Civil	Rs.861.35 lakhs	Awaiting for hearing date.
	Bohra Industries Limited V. Maheshwari Packaging	HDPE Woven bags which were purchased by BIL from Maheshwari packaging was different quality and not matching with the desired standards	Civil	Rs.29.50 lakhs	Awaiting for hearing date.
	Bohra Industries Limited V. Rajathan State Mines & Minerals Limited	Illegal detention of special off season discount to BIL	Civil	Rs.33.74 lakhs	Awaiting for hearing date.
	Bohra Industries Limited V. National Insurance Company Limited & others	Claim was not settled for the heavy damage caused to company's chimney roof and other structures due to thunder some and heavy rains	Civil	Rs.98.21 lakhs	Awaiting for hearing date.

Background

Company was incorporated as Aminag Minchem Private Limited under the provision of the Companies Act, 1956 vide certificate of incorporation dated November 28, 1996 issued by the Assistant Registrar of Companies, Rajasthan, Jaipur. The name of the company was changed to Bohra Industries Private Limited pursuant to fresh certificate of incorporation consequent on change of name dated March 17, 1999 issues by the Registrar of Companies, Rajasthan, Jaipur.

Subsequently the company was converted into a public limited company pursuant to shareholders resolution passed at extraordinary general meeting of the company held on March 21, 1999 and the name of the Company was changed to Bohra Industries Limited (BIL) and fresh certificate of incorporation dated March 22, 1999 was issued by the Registrar of Companies, Rajasthan, Jaipur.

Mr. Hemant Kumar Bohra is Chairman and Managing Director of the company and holds the position of Managing Director and Chairman in our Company since November 18, 2013. The company is engaged into manufacturing of Single Super Phosphate (SSP) both in powder and granulated form which can be

used as SSP Fertilizers. The company has established its presence in domestic market. The company has its registered office and plant at Udaipur, in Rajasthan.

BIL is an ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 certified company and has presence across states such as Maharashtra, Rajasthan, Uttar Pradesh, Assam, Punjab, Haryana, Madhya Pradesh, Chhattisgarh, Odisha, West Bengal, Tripura, Jharkhand, Uttaranchal and other states.

During FY16, the total operating income (TOI) of BIL stood at Rs.11299.69 Lakh (compared with Rs. 9630.78 Lakh in FY15), while net profit of the company stood at Rs.451.21 Lakh in FY16 (compared with Rs.432.29 Lakh in FY15).

ORGANISATION & MANAGEMENT: PROFILE OF THE PROMOTERS, MANAGEMENT & BOARD OF DIRECTORS

Details of key promoters

Name	Age	Designation	Educational qualification	Total years of experience	Years of association with company	Details of the past experience	Responsibilities handled
Mr. Hemant Kumar Bohra	58 years	Chairman and Managing Director	Bachelor of Commerce (B.Com)	30 Years	Since November 18,2013	Similar Field/Industry	Overall Management
Mr. Sunil Bhandari	55 years	Whole time director	Bachelor of Engineering (B.E.)	30 years	June 28,2000	Similar Field/Industry	Marketing Operations
Mr. Deepak Babel	40 years	Non Executive Director	Bachelor of Science (B.SC.), CA	18 years	January 24,2017	Similar Field/Industry	-
Mr. Satyanarayan Maheshwari	60 years	Independent Director	Bachelor of Commerce (B.Com), CA, CS, LLB	40 years	March 30,2015	Similar Field/Industry	-
Mr. Chandra Prakash Agrawal	60 years	Independent Director	P.H.D.	35 years	October 01,2010	Similar Field/Industry	-
Ms. Sandhya Bhatia Kumar	42 years	Independent Director	CA, M.Com, P.H.D.	15 years	January 11,2016	Similar Field/Industry	-

Comments:

- The management of BIL vests in the hands of the key promoters Mr. Hemant Kumar Bohra (Chairman and Managing Director).
- Mr. Hemant Kumar Bohra has been the director of company since incorporation and holds the position of Managing Director in Company since November 18, 2013. He is actively involved in the activities of the company including manufacturing; trading of chemicals and fertilizers He is the guiding force behind the strategic decisions of company.
- Mrs. Sunil Bhandari is Whole time Director of the Company since June 28, 2000 and is entrusted with the responsibility of looking after marketing operations of the company.
- Mr. Deepak Babel is Non Executive Director since January 24, 2017. He is having 18 years of experience and he is CA by profession.
- Mr. Satyanarayan Maheshwari is Independent Director and has been appointed as independent Director since March 30, 2015.
- Mr. Chandra Prakash Agrawal is Independent Director and has been appointed as independent Director since October 01, 2010.
- Ms. Sandhya Bhatia Kumar is Independent Director and has been appointed as independent Director since January 11, 2016.

Details of key management personnel

Name	Age (Years)	Designation	Educational qualification	Approx. total years of experience	Years of association with the company	Responsibilities handled
Mr. Nand Kishore Goyal	62	Chief Financial Officer	CA,LLB	35 years	1 year	Related functions. Handling of overall Finance & Accounting Functions of the Company
Mrs. Priyanka Jain	32	Company Secretary	CS	09 years	07 years	Handling of overall Secretarial work & compliances of the Company.
Mr. Dinesh Jain	47	VP- Marketing	BSC, ICWA	25 years	18 years	Handling of marketing operations
Mr. Mozam Daruwala	50	Head SE Asia	MCOM	25 years	07 years	-
Mr. S.K. Jain	47	GM (Works)	MSC	24 years	15 years	-
Mr. Lekhraj Jain	60	DGM (Legal & Taxation)	Graduate	30 years	16 years	Handling of legal and taxation work
Mr. M.L. Kumawat	44	DGM (Finance & Administration)	MCOM	29 years	16 years	Handling of finance and admin work
Mr. Mahendra Kothari	60	Sr. Manager QC and Nodal Officer	BSC	-	18 years	Handling of quality check of fertilizers

Comments:

- The second line of management consists of mix of recently appointed and past associated key personnel with relevant education and experience in the industry.

Details of the board of directors

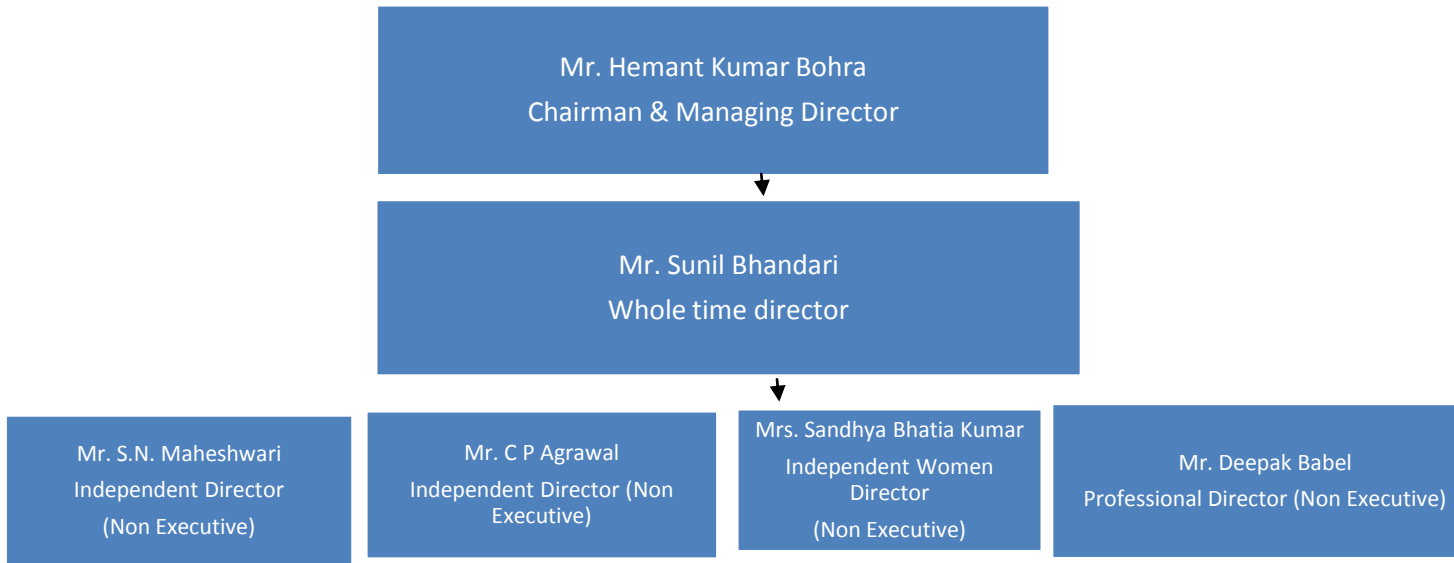
Name	Age (Years)	Category	Education qualification	Total years of experience	Date of Appointment	Details of the past experience	Other directorships/ Association Chairman
Mr. Hemant Kumar Bohra	58 years	Chairman and Managing Director	Bachelor of Commerce (B.Com)	30 Years	Since November 18,2013	Similar Field/Industry	Director of Bohra Infra Agro Limited
Mr. Sunil Bhandari	55 years	Whole time director	Bachelor of Engineering (B.E.)	30 years	June 28,2000	Similar Field/Industry	-
Mr. Deepak Babel	40 years	Non Executive Director	Bachelor of Science (B.SC.), CA	18 years	January 24,2017	Similar Field/Industry	Director of Bohra Infra Agro Limited
Mr. Satyanarayan Maheshwari	60 years	Independent Director	Bachelor of Commerce (B.Com), CA, CS, LLB	40 years	March 30,2015	Similar Field/Industry	Director of Saidarshan Nirman Private Limited
Mr. Chandra Prakash Agrawal	60 years	Independent Director	P.H.D.	35 years	October 01,2010	Similar Field/Industry	-
Ms. Sandhya Bhatia Kumar	42 years	Independent Director	CA, M.Com, P.H.D.	15 years	January 11,2016	Similar Field/Industry	Director of Encore Empowerment Private Limited

NA: Not available

Comments:

- BIL has one whole time and one non executive director and three independent directors.
- The average industry experience of all the directors is almost 2 decades in the fields of, finance, marketing, litigation and administration.

Board of Directors

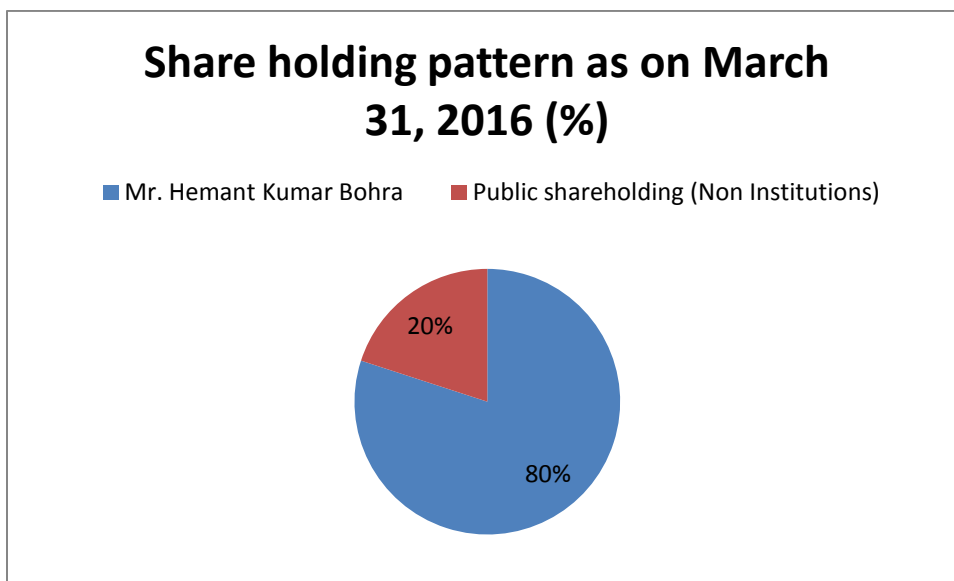


Management Team

Mr. N.K. Goel CFO	Mr. Dinesh Jain VP- Marketing	Mr. Mozam Daruwala Head SE Asia	Mr. S.K. Jain GM (Works)
Mr. Lekhraj Jain DGM Legal & Taxation	Mr. M.L. Kumawat DGM Finance & Administration	Mr. Mahendra Kothari Sr. Manager QC and Nodal Officer	Mrs. Priyanka Jain Company Secretary

ORGANISATION & MANAGEMENT: MANAGEMENT & OWNERSHIP STRUCTURE

Share holding pattern as on March 31, 2016



Name of share holder	No. of equity shares held	Share in business (%)
Promoters		
Mr. Hemant Kumar Bohra	71,92,000	80.00
Public shareholding (Non Institutions)		
Aditi Speciality Packaging Private Limited	7,20,100	8.01
Bohra Pratisthan Private Limited	4,29,198	4.77
Bohra Agrifilms Private Limited	3,79,999	4.23
Beena Bohra	2,48,700	2.77
Hemant Kumar Bohra (HUF)	20,000	0.22
Total	89,89,997	100.00%

- The promoter of the company collectively holds around 80% stakes in BIL and remaining 20% stake are held by public.

Group Company details

Name of the group company	Bakiwala Finance Company Private Limited	Bohra Pratisthan Private Limited	Bohra Agrifilms Private Limited	Phytochem Remedies India Private Limited	Bohra Infra Agro Limited
Date of incorporation	April 21,1992	August 31,1992	March 31,1999	November 27,2002	February 19,2013
Registered office	E-698,Nakul Path, Lal Kothi Scheme, Jaipur, Rajasthan, India	336-B, Anand Plaza university Road, Udaipur, Rajasthan, - 313001, India	331-332, 3 rd Floor, B, Anand Plaza university Road, Udaipur, Rajasthan, - 313001, India	333- B, Anand Plaza university Road, Udaipur, Rajasthan, - 313001, India	A/P Washi,taluk a-Karveer, Kolhapur,M aharashtra- 416000, India
Nature of business	Deals in securities	Manufacturing and dealing of plastic, plastic pipes, acrylic sheets and other similar articles made of rubber and plastic	Manufacturing & marketing of polyfilms,plastics and allied products	Manufacturing & trading of all kinds of drugs & pharmaceuticals	Not yet started the operations but it will be into manufacturing of fertilizers

Comments

- BIL has five group companies namely Bakiwala Finance Company Private Limited (BFCPL), Bohra Pratisthan Private Limited (BPPL), Bohra Agrifilms Private Limited (BAPL), Phytochem Remedies India Private Limited (PRIPL) and Bohra Infra Agro Limited (BIAL). However, BIAL this company has not yet commenced its operations but it is authorized by MOA to carry the business of manufacturing of fertilizers.

Employee Profile

Particulars	Nos.
At Office	25
At Plant	50
Total Employees	75

Comment:

- The major decisions are taken by the Chairman and Managing Director Mr. Hemant Kumar Bohra and the Whole time director Mr. Sunil Bhandari who are further supported by the second line of management. Further, the company has a strong human resource pool with qualified personnel consisting of CAs, CSs and post graduates having relevant industry experience. However, the key decisions are taken by the management.
- The company has 50 employees working at the plant and 25 employees working at office.

BUSINESS PROFILE: OPERATIONS OVERVIEW
BUSINESS PROFILE ANALYSIS

BIL is engaged in manufacturing of Single Super Phosphate (SSP) fertilizers.

OPERATIONS OVERVIEW

Nature of activity	Manufacturing
Industry segment	Fertilizer Industry
Products Offered	Single Super Phosphate (SSP) fertilizers
Plant locations	4887-94, Umarda, Zamar Kotra Road, Udaipur-313014, Rajasthan
Area of the Plant	14500 Sq ft
Ownership of Plant	Owned
Location advantage	Yes
Marketing Setup	Yes

Comments:

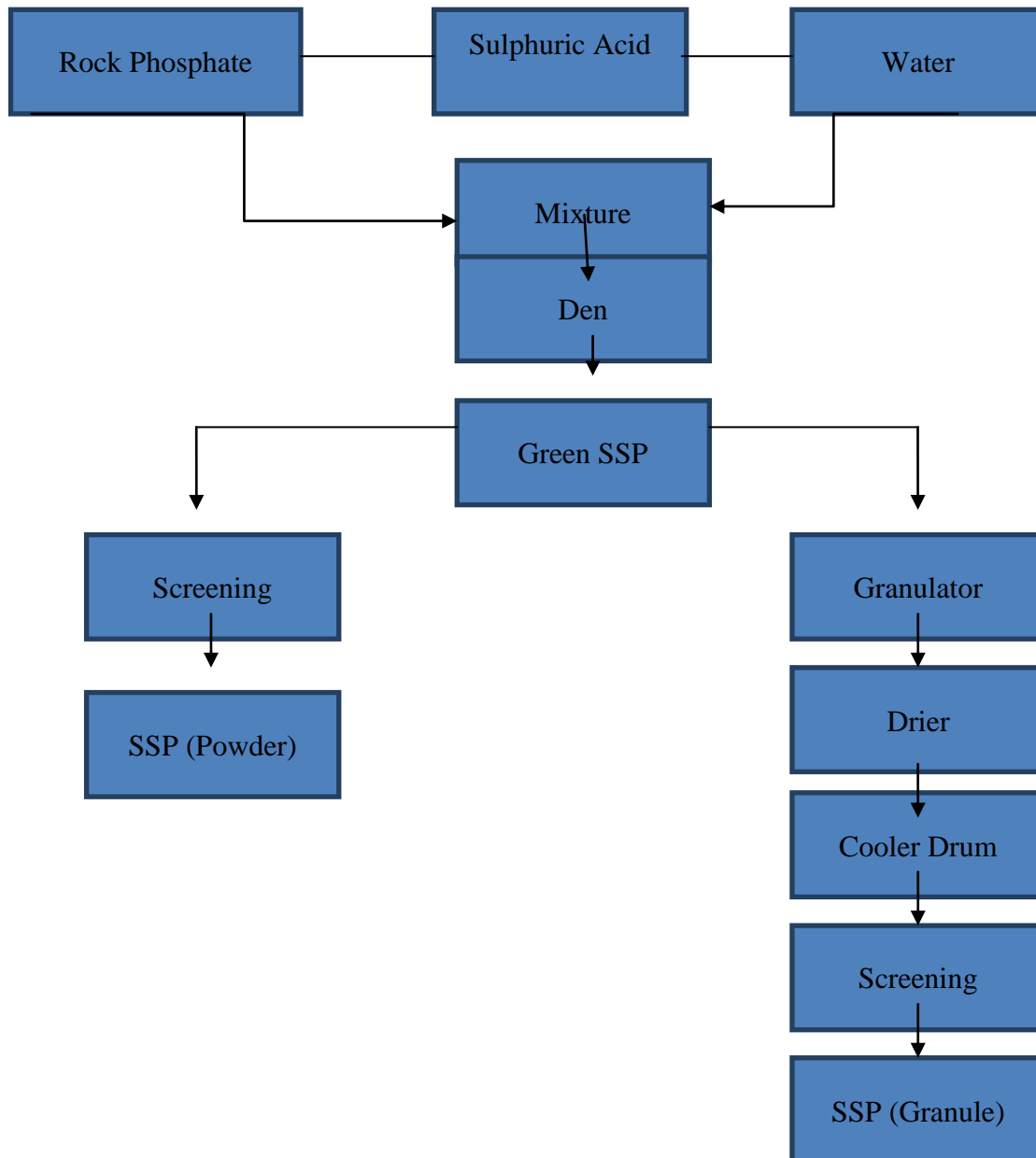
- BIL has manufacturing plant situated at Udaipur, Rajasthan to carry out the business operations. The company is engaged into manufacturing of Single Super Phosphate (SSP) fertilizers.

Particulars	FY12	FY13	FY14	FY15	FY16	H1FY17
Product installed capacity						
Single Super Phosphate (SSP) fertilizers	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000
TOTAL	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000	1,20,000
Product capacity utilization (%)						
Single Super Phosphate (SSP) fertilizers	46.85%	57.92%	68.04%	74.07%	88%	43.88%
TOTAL	46.85%	57.92%	68.04%	74.07%	88%	43.88%

Comment:

- Product wise capacity utilization has been relatively high during the past two years as there is high competition for its products. BIL is witnessing increasing demand for products and will subsequently increase its production capacity for the same.

Manufacturing Process



Revenue analysis
(Rs. Lakh)

Particulars	FY13	FY14	FY15	FY16
Gross Sales	7507.49	9028.97	9611.77	11261.59
<i>% y-o-y growth</i>	34.20%	20.27%	6.45%	17.16%
A. Domestic Sales	7507.49	9028.97	9611.77	11261.59
<i>% y-o-y growth</i>	34.20%	20.27%	6.45%	17.16%
% of sales	100.00	100.00	100.00	100.00
B. Export Sales	0.00	0.00	0.00	0.00
<i>% y-o-y growth</i>	-	-	-	-
% of sales	0	0	0	0
Add: Other operating income	11.76	17.28	19.01	38.1
Total Operating Income	7519.25	9046.25	9630.78	11299.69
<i>% y-o-y growth</i>	-	34.06%	20.31%	6.46%

Comments:

- The company manufactures only SSP fertilizers in domestic market. The company is planning to expand its product portfolio by setting up manufacturing plant for Triple Super Phosphate, Food Grade Phosphoric Acid and NPK fertilizers.

State -wise revenue (Domestic Sales) breakup (%)

States	FY13	FY14	FY15	FY16	H1FY17
	Rs. in Lakh	Rs. in Lakh	Rs. in Lakh	Rs. in Lakh	Rs. in Lakh
Chhattisgarh	364.47	334.67	465.03	105.05	0
Gujarat	1.72	1.15	0.00	1465.72	0
Haryana	2578.65	2264.15	2199.09	2176.85	1278.46
Hyderabad	0	0	0	55.38	0
Madhya Pradesh	1483.56	1863.53	1417.71	1019.53	406.34
Maharashtra	0	0	0	82.43	0
Punjab	457.71	766.11	2107.31	438.49	142.89
Rajasthan	2623.10	2946.34	2570.34	5918.14	3185.68
West Bengal	0	853.02	852.29	0	0
Total	7509.21	9028.97	9611.77	11261.59	5013.37

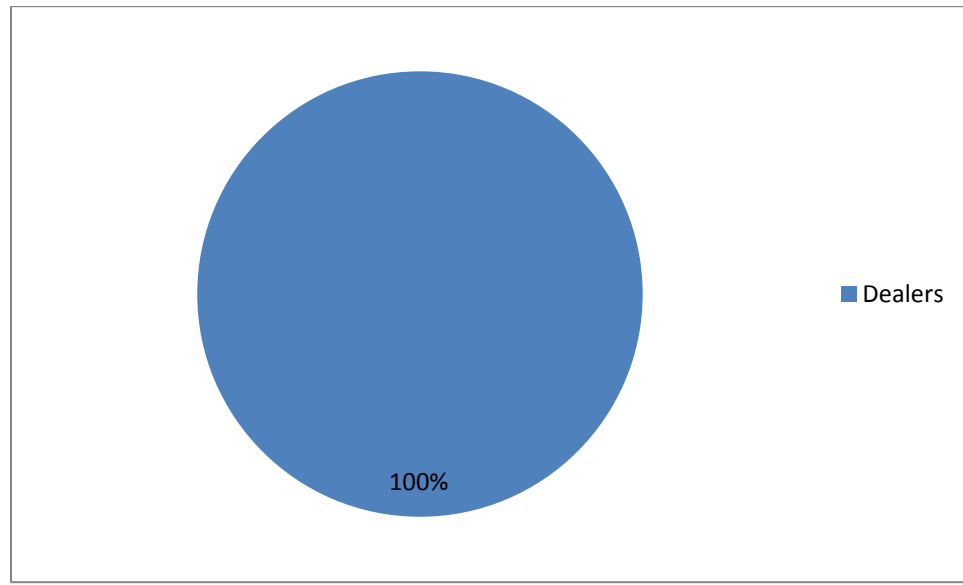
Export country-wise revenue breakup (%): The company does not export its product to any country.

Comments:

- BIL largely generated its revenue from Rajasthan and Haryana region with ~71.88 % of total sales generated from these states during FY16.

CUSTOMERS & SUPPLIERS ANALYSIS

CUSTOMER’S PROFILE



BIL directly sells its product to dealers:

Comments

- The company directly sells its products to dealers.
- The company almost covers around 17 states in India.
- Company has entered into MOU for their product SSP with Hindustan Insecticides Limited for supply of minimum 30,000 MT per annum of SSP for a period of one year from August 03, 2016 to August 02, 2017 in the states of Maharashtra, Rajasthan, Uttar Pradesh & Assam.
- They have also entered into MOU with Rashtriya Chemicals & Fertilizers Limited for supply of minimum 44,500 MT per annum of SSP in the states of Punjab, Haryana, Madhya Pradesh, Chhattisgarh, Odisha, Rajasthan, Uttar Pradesh and West Bengal. Apart from this, they also sell their products through other registered dealers in Assam, Tripura, Jharkhand, Chhattisgarh and Uttaranchal.

CUSTOMERS/DEALERS FEEDBACK

Name of Customer	Aditi Speciality Packaging Private Limited
Contact person	Mr. C. P. Jain
Contact details	9107762831
Feedback	Satisfactory

Name of Customer	Transworld Furtichem Private Limited
Contact person	Mr. Antrix
Contact details	9828391395
Feedback	Satisfactory

Name of Customer	Phosphate India Private Limited
Contact person	Mr. Akash Goyal
Contact details	9414158987
Feedback	Satisfactory

Name of Customer	Rashtriya Chemicals and Fertilizers Limited
Contact person	Mr. Desh Pandey
Contact details	9770111744
Feedback	Satisfactory

Details of any long term contracts/MOU with customers:-

Name of the party	Date of signing of contract	Date of expiry of contract	Quantity, price terms and other remarks
Hindustan Insecticides	August 03,2016	August 02,2017	-
Rashtriya Chemicals and Fertilizers Limited	January 19,2016	June 24,2017	-

SUPPLIERS' PROFILE

BIL's primary raw materials are rock phosphate and sulphuric acid and others. The company has entered into an agreement with Rajasthan State Mines and Minerals Limited for supply of rock phosphate and the same is imported from Egypt, Iran, Jordan, Morocco, Syria, Togo, Tunisia etc. It has also entered into an agreement between Hindustan Zinc Limited for supply of Sulphuric Acid.

Supplier Feedback

Name of Supplier	Blue Phosphate Limited
Product	Rock Phosphate
Contact person	Mr. J.D.U. Khan

Contact details	9414156277
Feedback	Satisfactory

Name of Supplier	Rajasthan State Mines & Minerals Limited
Product	Rock Phosphate
Contact person	Mr. Ashok
Contact details	9413300451
Feedback	Satisfactory

Name of Supplier	Gulf Fert International FZE
Product	Rock Phosphate
Contact person	Mrs. Kavita
Contact details	971-559996979
Feedback	Satisfactory

Name of the party	Date of signing of contract	Date of expiry of contract	Quantity, price terms and other remarks
Rajasthan State Mines & Minerals Limited	April 01,2016	March 31,2017	-
Hindustan Zinc Limited	August 06,2016	April 30,2017	-

BUSINESS ACTIVITY DETAILS

Key Raw materials	Rock Phosphate and Sulphuric Acid
Level of Raw Material Price fluctuation risk	Moderate
Quality Certifications	ISO 9001:2008 ISO 14001:2004 OHSAS 18001:2007
Level of value addition	Moderate

SUPPLY SIDE ANALYSIS

Average Creditor Days	58
Raw Material Availability	Adequate
Import as a % of RM Purchase	The company imports 48 % of raw material (rock phosphate) from Egypt, Iran, Jordan, Morocco, Syria, Togo, Tunisia and others

Comments:

- The raw materials are adequately available in the domestic market and in international market as well and BIL keeps enough stock of raw material to cater the immediate demand of the clients.

INDUSTRY ANALYSIS

Name of the industry	Fertilizer Industry
Product portfolio	Single Super Phosphate (SSP) fertilizers
Overall Industry risk	Moderate
Level of competition	High

INDUSTRY WRITE-UP:

Introduction

Indian Fertilizer Industry is supporting Indian agriculture since the era of green revolution (1960s). It has grown in the last 50 years and at present ranks third in the World. It has succeeded in meeting the demand of nearly all chemical fertilizers over the year and now become an important segment of Indian economy. Statistical data shows that, total capacity of the industry as in 2011 has reached a level of 12.28 million MT of nitrogen and 4.37 million MT of phosphatic nutrient production (IFA 2011). Today, India ranks second in the production of nitrogenous fertilizers and third in phosphatic fertilizers. However, total requirement for potash (K) is fulfilled through import since there are no viable sources or reserves of potash in the country.

Government Initiatives

Government of India has declared 'fertilizer' as an essential commodity under Essential Commodities Act, 1957. Fertilizer (Control) Order (FCO), 1985 was promulgated to regulate the price, quality and distribution of fertilizers in the country. Government is also engaged in the quality checking of the fertilizers sold in the country. Today there are nearly 74 Fertilizer Quality Control Laboratories functioning under the control of different State Governments. Government is involved in providing financial assistance to the farmers for training and field demonstrations on balanced use of fertilizers. In addition, Government introduced Nutrient Based Subsidy (NBS) policy from April 2010 to encourage balanced use of fertilizers. Department of Fertilizer offers fixed rate of subsidy (NBS) on annual basis for nitrogen (N), phosphate (P), potash (K) and sulphur (S) fertilizers.

Department of Fertilizers which comes under the ambit of Ministry of Chemicals & Fertilizers looks after overall sectoral planning and development and regulation of the industry, as well as monitoring of production pricing and distribution of the output. The main objective of Department of Fertilizers is to ensure adequate and timely availability of fertilizers at affordable prices for maximizing agricultural production in the country. This Department also administers 9 Public Sector Undertaking and one Multi-State Co-operative Society.

Future Prospects & Investment Opportunities

Chemical fertilizers have played key role in modern agriculture and in improving crop productivity of India. In spite of ranking second largest nitrogenous fertilizer producer and third largest phosphatic fertilizer producer in the World, day by day the demand-supply gap of fertilizers in India is increasing. It is leading to increased dependency on fertilizer imports. Recently, India has imported 8.04 million MT Urea and 5.42 million MT DAP in the year 2012-13. According to the report of Department of Fertilizers, by the year 2016-17, fertilizer demand in the country is projected to increase to about 336.77 lakh tons (33.67 million tons) urea, 124.13 lakh tons (12.41 million tons) DAP, 59.48 lakh tons (5.94 million tons) SSP and 47.93 lakh tons (4.79 million tons) MOP. To meet the projected demand, additional fertilizer production capacity along with a conducive and stable policy environment, availability of raw materials, capital resources and price incentives will play a critical role in near future of Indian Fertilizer Industry. (Sources: Indian Fertilizer Industry: A Brief Overview by Renuka Kholkute; www.ifaj.org)

SITE VISIT REPORT
Manufacturing facility

Location of Plant	4887-94,Umarda, ZamarKotra Road,Udaipur-313014, Rajasthan
--------------------------	-----------------------------------------------------------

Sites visited	4887-94,Umarda, ZamarKotra Road,Udaipur-313014, Rajasthan
Presence in a cluster	Yes
Area of the unit	14500 Sq ft
No. of employees at site	50
Ownership of premises	Owned
Other facilities	Boundary Wall, Name Boards, Fire Extinguisher, Stock Yard, Security Guard And Generator

Adequacy of Warehousing Facilities

Availability of land for future expansion	Adequate
Site layout	Structured
Adequacy of insurance coverage	Fully insured
Source of power	State Electricity board
Adequacy of power	Stable
Presence of labour union	Yes
Industrial relations	Good
Level of work safety	Adequate
Adequacy of storage facilities	Adequate
Operational status of plants	Operational

Plant Photographs



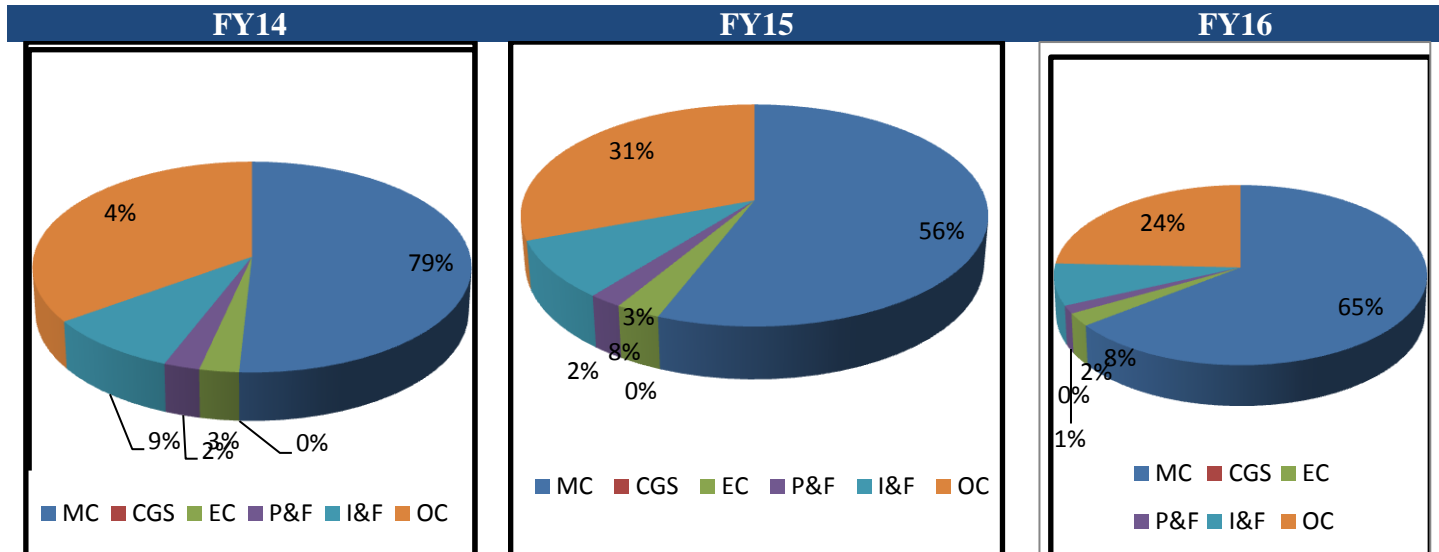
FINANCIAL PERFORMANCE - PROFITABILITY STATEMENT
Rs. In Lakh

Period Ends on: March 31,	2012	2013	2014	2015	2016	H1FY17
Result Type:	Actual	Actual	Actual	Actual	Actual	Provisional
Number of months in current financial year	12	12	12	12	12	
Net Sales	5594.08	7507.49	9028.97	9611.77	11261.59	5013.37
Other Income(related to operations)	8.90	11.76	17.28	19.01	38.10	0.54
Total Operating Income	5602.98	7519.25	9046.25	9630.78	11299.69	5013.91
Material Costs	2911.92	3873.0800	4243.54	5106.67	6657.22	3483.99
Costs of traded goods sold	0.00	0.00	0.00	0.00	0.00	0
Accretion : Decretion to Finished Goods Stock	137.77	-31.23	139.89	26.84	503.78	0
Consumable Stores	42.58	39.90	70.73	61.70	32.10	0
Power and Fuel	155.22	176.92	202.45	186.50	148.96	0
Employee Costs	181.65	186.70	221.75	251.89	241.63	104.94
Other Manufacturing Expenses	100.63	52.67	30.33	27.85	6.89	0
Other Expenses	44.02	72.18	168.44	139.41	96.93	568.39
Selling Expenses	835.27	1699.35	2486.74	2441.93	2147.38	0
Cost of Sales	4409.06	6069.57	7563.87	8242.79	9834.89	4157.32
PBILDT	1193.92	1449.68	1482.38	1387.99	1464.80	856.59
Depreciation	56.69	73.25	82.06	94.70	105.79	53.23
PBIT	1137.23	1376.43	1400.32	1293.29	1359.01	803.36
Interest and Finance Charges	618.30	694.56	759.36	780.23	774.60	411.27
Operating Profit Before Tax (OPBT)	518.93	681.87	640.96	513.06	584.41	392.09
Operating Profit After Tax (OPAT)	320.53	550.06	500.44	432.29	451.21	262.48
Non-Operating Income / (Expense)	0.21	0.68	0.00	0.00	0.00	0
Profit Before Tax (PBT)	519.14	682.55	640.96	513.06	584.41	392.09
Cash Adjustments	0.00	0.00	0.00	0.00	0.00	0
Adjusted Profit Before Tax (APBT)	519.14	682.55	640.96	513.06	584.41	392.09
Tax	103.87	138.16	150.66	102.65	149.74	139.98
Provision for Deferred Tax	94.61	-6.22	-10.14	-21.88	-16.54	-10.37
ADJUSTED PROFIT AFTER TAX (APAT)	320.66	550.61	500.44	432.29	451.21	262.48
Gross Cash Accruals	471.96	617.64	572.36	505.11	540.46	315.71

Revenue analysis
Rs. In Lakh

Parameters	FY12	FY13	FY14	FY15	FY16
Net Sales	5594.08	7507.49	9028.97	9611.77	11261.59
<i>% y-o-y growth</i>	NM	34.20%	20.27%	6.45%	17.16%
Other Income (related to operations)	8.9	11.76	17.28	19.01	38.1
<i>% y-o-y growth</i>	NM	32.13%	46.94%	10.01%	100.42%
Total Operating Income	5608.98	7519.25	9046.25	9630.78	11299.69
<i>% y-o-y growth</i>	NM	34.06%	20.31%	6.46%	17.33%

- BIL's total operating income (TOI) consists of sales for SSP fertilizers and also other income derived from interest on bank deposits and on security deposit.
- TOI had witnessed multifold increase from FY12 to FY16 due to increase in the volume of products sold.
- Net sales grew by 17.16% to Rs. 11261.59 Lakh in FY16 from Rs. 9611.77 Lakh in FY15. Sales had witnessed multifold increase from FY12 to FY16 due to increase in the volume of products sold.
- Other income includes during FY 2016 includes interest on bank deposits and on security deposit.

FINANCIAL PERFORMANCE - COST STRUCTURE


MC = Material cost; CGS = Cost of goods sold; EC = Employee cost; P&F = Power and fuel; I&F = Interest and finance charges; OC = other cost (including depreciation);

Comments:

Material Costs constituted the highest pie in the cost structure during FY14 to FY16. While employee costs increased from Rs.221.75 Lakh in FY14 to Rs.241.63 Lakh in FY16, the power and fuel costs decreased from Rs.202.45 Lakh in FY14 to Rs.148.96 Lakh in FY16.

Material cost analysis

Parameters	FY12	FY13	FY14	FY15	FY16
Material cost (Rs. lakh)	2911.92	3873.08	4243.54	5106.67	6657.22
% y-o-y growth	NM	33.01%	9.56%	20.34%	30.36%
As % of TOI	51.97%	51.51%	46.91%	53.02%	58.92%
As % to cost of sales	66.04%	63.81%	56.10%	61.95%	67.69%

BIL being engaged into manufacturing of SSP fertilizers. BIL's primary raw materials are rock phosphate and sulphuric acid and others. The company has entered into an agreement with Rajasthan State Mines and Minerals Limited for supply of rock phosphate and the same is imported from Egypt, Iran, Jordan, Morocco, Syria, Togo, Tunisia etc. It has also entered into an agreement between Hindustan Zinc Limited for supply of Sulphuric Acid.

- Material costs as a % of TOI increased from 46.91% in FY14 to 58.92% in FY16 in order to cater to higher number of orders, increasing price competition and volatile nature raw material prices.

Power & fuel cost

Parameters	FY12	FY13	FY14	FY15	FY16
Power & fuel cost (Rs. lakh)	155.22	176.92	202.45	186.50	148.96
% y-o-y growth	NM	13.98%	14.43%	-7.88%	-20.13%
As % of TOI	2.77%	2.35%	2.24%	1.94%	1.32%
As % to cost of sales	3.52%	2.91%	2.68%	2.26%	1.51%

- Being engaged into manufacturing, power and fuel (P&F) costs are one of the contributor to cost of sales and remained in the range of 1.32% to 2.77 % of TOI during the FY12-FY16.

Employee cost

Parameters	FY12	FY13	FY14	FY15	FY16
Employee cost (Rs. lakh)	181.65	186.70	221.75	251.89	241.63
% y-o-y growth	NM	2.78%	18.77%	13.59%	-4.07%
As % to total operating income	3.24%	2.48%	2.45%	2.62%	2.14%
As % to cost of sales	4.12%	3.08%	2.93%	3.06%	2.46%

- BIL employs qualified personnel for managing administrative, marketing, logistics and accounts and finance.

Other operating cost items

Parameters	FY12	FY13	FY14	FY15	FY16
Selling Expenses (Rs. lakh)	835.27	1699.35	2486.74	2441.93	2147.38
% y-o-y	NM	103.45%	46.33%	-1.80%	-12.06%
% of TOI	14.91%	22.60%	27.49%	25.36%	19.00%
% of cost of sales	13.76%	28.00%	32.88%	29.63%	21.83%
Other Manufacturing Expenses (Rs. lakh)	100.63	52.67	30.33	27.85	6.89
% y-o-y	NM	-47.66%	-42.42%	-8.18%	-75.26%
% of TOI	1.34%	0.70%	0.34%	0.29%	0.06%
% of cost of sales	1.66%	0.87%	0.40%	0.34%	0.07%
Other operating Expenses (Rs. lakh)	44.02	72.18	168.44	139.41	96.93
% y-o-y	NM	63.97%	133.36%	-17.23%	-30.47%
% of TOI	0.59%	0.96%	1.86%	1.45%	0.86%
% of cost of sales	0.73%	1.19%	2.23%	1.69%	0.99%

- Selling expenses have remained in the range of 14.91 % to 19 % of TOI during FY12 to FY16 comprising primarily of rebates, discounts, transportation charges, advertisement and promotional expenses.
- Other manufacturing expenses declined from 1.34% to 0.06% of TOI during FY12 to FY16 due to decline in cost of repairs and maintenance of plant and machinery, insurance expense, laboratory expense.
- Other operating expenses (includes mainly, audit fees, printing and stationery, legal & professional fees) increased as a percent of TOI from 0.59 % in FY12 to 0.86 % in FY16.

Depreciation

Parameters	FY12	FY13	FY14	FY15	FY16
Depreciation (Rs. lakh)	56.69	73.25	82.06	94.70	105.79
% y-o-y growth	NM	29.21%	12.03%	15.40%	11.71%
As % of total operating income	0.75%	0.81%	0.91%	0.98%	0.94%

- Depreciation expense increased from Rs.56.69 Lakh in FY12 to Rs.105.79 Lakh in FY16 mainly due to additions to plant and machinery, factory building, office equipment, furniture and fixtures.
- Up to March 31st 2014, depreciation on fixed assets is provided on Straight Line Method (SLM) at the rate and manner prescribed in scheduled XIV of the companies Act 1956 over their useful life. With effect from April 1st 2014 depreciation is provided based on useful life of assets as prescribed in Scheduled II of companies Act 2013 except no charging of 100% depreciation on assets costing below Rs.5000. The carrying amount as on April 1st 2014 is depreciated over the balance useful life of assets.

Interest and finance charges

Parameters	FY12	FY13	FY14	FY15	FY16
Interest and Finance Charges (Rs. lakh)	618.30	694.56	759.36	780.23	774.60
% y-o-y growth	NM	12.33%	9.33%	2.75%	-0.72%
As % of TOI	11.04%	9.24%	8.39%	8.10%	6.86%

- The total interest and finance charges have increased from Rs.759.36 Lakh in FY14 to Rs. 774.60 Lakh in FY16.

FINANCIAL PERFORMANCE - BALANCE SHEET:ASSETS
(Rs. In Lakh)

Period Ends on: March 31,	2012	2013	2014	2015	2016
Result Type:	Actual	Actual	Actual	Actual	Actual
Gross Block	1763.08	1993.76	2011.78	2251.94	2348.34
Accumulated Depreciation	-494.27	-567.52	-649.57	-761.25	-867.04
Net Block	1268.81	1426.24	1362.21	1490.69	1481.30
NET FIXED ASSETS	1268.81	1426.24	1417.43	1490.69	1485.58
Other Investments	114.96	164.58	177.43	308.98	356.04
TOTAL INVESTMENTS :net of provision	114.96	164.58	177.43	308.98	356.04
Raw and Packing Materials	965.52	740.11	1021.92	1384.89	2043.34
Work In Process	590.31	1013.36	904.69	1028.34	1319.58
Finished Goods	810.82	842.05	702.16	675.32	171.54
Stores and Spares	38.79	46.09	37.58	43.61	37.58
TOTAL INVENTORIES	2405.44	2641.61	2666.35	3132.16	3572.04
Receivables : More than 6 months	136.80	252.77	13.29	14.11	0.00
Receivables : Less than 6 months	2174.23	3121.86	4036.16	4629.75	5126.34
TOTAL RECEIVABLES	2311.03	3374.63	4049.45	4643.86	5126.34
Current Loans; Advances; current assets related to operations	322.69	402.18	448.25	425.06	606.79
Cash and Bank Balances	311.34	4.20	6.78	10.15	33.53
Advance Tax Paid	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER CURRENT ASSETS	634.45	406.84	455.54	435.76	640.91
TOTAL CURRENT ASSETS related to operations	5350.50	6422.62	7170.83	8211.23	9338.70
TOTAL ASSETS	7487.31	8630.58	9556.84	10836.34	11873.50

Comments:

- BIL's fixed assets primarily comprise of plant & machineries, buildings, Furniture and fixtures, vehicles, office equipment, computers, weigh bridge and laboratory equipment, land, D.G.Sets and others.
- During FY16, BIL had made addition in plant & machinery. Further, it has constantly increased its fixed asset in FY14 and FY15 by constantly upgrading the machinery used for production.

Inventories

Parameters: As on March 31,	2012	2013	2014	2015	2016
Raw and Packing Materials (Rs. lakh)	965.52	740.11	1021.92	1384.89	2043.34
<i>Average Raw Material Inventory Period (days)</i>	85.10	79.27	74.74	84.84	92.69
Work in Progress	590.31	1013.36	702.16	1028.34	1319.58
<i>Average work in progress inventory period</i>	62.77	66.05	68.00	59.98	54.98
Finished Goods (Rs. lakh)	810.82	842.05	702.16	675.32	171.54
<i>Average Finished Goods Inventory Period (days)</i>	88.62	68.08	54.75	42.74	19.83
Stores and Spares (Rs. lakh)	38.79	46.09	37.58	43.61	37.58
Total inventories (Rs. lakh)	2405.44	2641.61	2666.35	3132.16	3572.04
<i>Average Inventory Period (days)</i>	224.00	208.00	188.00	180.00	157.00
Total inventory as % of total assets	0.32	0.31	0.28	0.29	0.30

- Total inventory primarily comprises of raw and packing materials inventory (57.20% of total inventory as on March 31, 2016), work in progress inventory (36.94 % of total inventory as on March 31, 2016) and finished goods and stores and spares.
- BIL manufactures SSP fertilizers. The company maintains sufficient stock of raw material (rock phosphate, sulphuric acid and others) and finished goods inventory to meet regular demand from dealers.

Sundry debtors

Parameters: As on March 31,	2012	2013	2014	2015	2016
Total Receivables (Rs. lakh)	2311.03	3374.63	4049.45	4643.86	5126.34
<i>Average Collection Period (days)</i>	145	137	148	163	156
<i>As % of net sales</i>	41.31%	44.95%	44.85%	48.31%	45.52%
As % of total assets	30.87%	39.10%	42.37%	42.85%	43.17%

- BIL's total receivables outstanding as on March 31, 2016 consist primarily of dues receivable from dealers that are offered a credit period of 120-180 days and further as per management discussion BIL has not recorded bad debts in the past. The average collection period has significantly increased during FY15 & FY16 due to liberal credit period offered to dealers.

Ageing analysis of debtors
(Rs. Lakh)

Particulars	Less than 6 months	More than 6 months	Total
Debtors as on March 31, 2016	5126.34	-	5126.34
Debtors as on March 31, 2015	4629.75	14.11	4643.86
Debtors as on March 31, 2014	4036.16	13.29	4049.45
Debtors as on March 31, 2013	3121.86	252.77	3374.63

- For the past 4 balance sheet dates ending March 31, 2016 most of the debtor receivables are due for less than 6 months. There are no debtors outstanding for more than 6 months as on March 31, 2016.

Other current assets
(Rs. Lakh)

Parameters: As on March 31,	2012	2013	2014	2015	2016
Other current assets	634.45	406.84	455.54	435.76	640.91
As % of total assets	0.08	0.05	0.05	0.04	0.05
Advance tax paid	0.00	0.00	0.00	0.00	0.00
Cash & bank balances	311.34	4.20	6.78	9.34	33.53
<i>Cash on hand</i>	17.56	4.09	5.76	8.43	33.15
<i>Balances with banks in current accounts</i>	293.78	0.11	1.02	0.91	0.38

- Other operating current assets as on March 31, 2016 comprise of prepayment against purchase of raw materials and services, prepaid insurance and expenses, loans to employees, staff against expense and others.

FINANCIAL PERFORMANCE - BALANCE SHEET: LIABILITIES
Rs. In Lakh

Period Ends on: March 31	2012	2013	2014	2015	2016
Result Type:	Actual	Actual	Actual	Actual	Actual
Total Paid Up Equity Share Capital	899.00	899.00	899.00	899.00	899.00
Share Application Money pending allotment		-	-	-	-
Miscellaneous expenses not written off	-72.83	-93.35	-81.29	-97.13	-117.12
Debit Balance in Profit and loss Account			-		
NET RESERVES	971.20	1501.29	2015.38	2414.83	2846.07
TANGIBLE NET WORTH	1870.20	2400.29	2914.38	3313.83	3745.07
Interest Free Loans	0.00	0.00	0.00	0.00	0.00
Rupee Term Loans	1468.73	1385.99	1537.13	1551.70	1446.40
Other Long Term Loans	0.00	0.00	0.00	0.00	0.00
Loans and advances from promoters related parties	14.00	14.0000	-	-	298.00
TOTAL LONG TERM DEBT	1482.73	1399.99	1537.13	1557.70	1744.40
Less: Current portion of long term debt	247.70	321.55	350.50	148.66	181.16
NET LONG TERM DEBT	1235.03	1078.44	1186.63	1403.04	1563.24
Working capital Bank Borrowings	2731.87	3222.42	3285.07	3994.81	4270.85
Current portion of long term debt	247.70	321.55	350.50	148.66	181.16
Short term loans		-	-	-	-
TOTAL SHORT TERM DEBT	2979.57	3543.97	3635.57	4143.47	4452.01
Creditors for goods	706.76	1154.82	1375.33	1512.80	1663.78
Creditors for Expenses		-	-	-	-
Creditors for Capital goods		-	-	-	-
Advances; deposits recd from customers: related to ops.	370.64	122.37	98.57	35.75	63.24
Other Current Liabilities: related to ops.	13.26	18.64	33.70	44.24	27.33
TOTAL CURRENT LIABILITIES	1099.76	1301.93	1510.90	1592.79	1754.35
Provision for Taxes	103.05	137.16	149.10	244.76	246.60
Other Provisions ; regular	12.16	11.52	13.38	16.82	9.13
Provision for dividend					
TOTAL SHORT TERM PROVISIONS	115.21	148.68	162.48	261.58	255.73
TOTAL CURRENT LIABILITIES AND PROVISIONS; RELATED TO OPERATIONS	1205.87	1445.51	1670.08	1854.37	2010.08
TOTAL OUTSIDE LIABILITIES	4259.92	4643.70	4843.23	5564.18	6030.93
TOTAL LIABILITIES	7487.29	8630.58	9556.83	10836.34	11873.50

Comments:
Equity share capital

- BIL has an authorized share capital of 200.00 lakh equity shares with nominal value of Rs.10/- each. It has an issued, subscribed and paid up capital of 89.90 lakh shares of Rs. 899/- each full paid up as on March 31, 2016.

Long-term borrowings

- The total long term debt outstanding as on March 31, 2016 refers to unsecured loans (worth Rs.1446.40 Lakh) from NBFC's.

Short term borrowings

- Short term debt consists of working capital borrowings from State bank of India of Rs.4270.85 Lakh as on March 31, 2016 availed to meet the working capital requirements since considerable funds are being blocked in receivables.

Trade payable
(Rs. Lakh)

Parameters: As on March 31,	2012	2013	2014	2015	2016
Trade payable (Rs. lakh)	706.76	1154.82	1375.33	1512.80	1663.78
Average Creditors Period (days)	50	55	60	63	58
As % of total liabilities	9.44%	13.38%	14.39%	13.96%	14.01%

- BIL's trade payables outstanding as on March 31, 2016 include creditors for goods. The average creditor period stood at 58 days in FY16 (compared to 63 days in FY15) as BIL receives credit period of 30-60 days from its suppliers.

Short term provision
(Rs. Lakh)

Parameters: As on March 31,	2012	2013	2014	2015	2016
Total short term provisions	115.21	148.68	162.48	261.58	255.73
Provision for income tax	103.05	137.16	149.10	244.76	246.60
Other Provision	12.16	11.52	13.38	16.82	9.13
As % of total liabilities	1.54%	1.72%	1.70%	2.41%	2.15%

- Other provision includes provision for FY16 includes auditors remuneration, income tax and others.

Details of the related party transactions

Related Party	Nature of the Relationship
Mr. Hemant Kumar Bohra	Chairman & Managing Director
Mr. Sunil Bhandari	Director
Mr. Deepak Babel	Director
Bohra Pratisthan Private Limited	Associate Concern
Bohra Infra Agro Limited	Associate Concern

(Rs. Lakh)

Name of related Party	Nature of transaction	Amount of Transaction Debited in 2011-12	Amount of Transaction Credited in 2011-12	Amount Outstanding as on march 31, 2012 (Payable)/Receivable	Amount of Transaction Debited in 2012-13	Amount of Transaction Credited in 2012-13	Amount Outstanding as on march 31, 2013 (Payable)/Receivable	Amount of Transaction Debited in 2013-14	Amount of Transaction Credited in 2013-14	Amount Outstanding as on march 31, 2014 (Payable)/Receivable	Amount of Transaction Debited in 2014-15	Amount of Transaction Credited in 2014-15	Amount Outstanding as on march 31, 2015 (Payable)/Receivable	Amount of Transaction Debited in 2015-16	Amount of Transaction Credited in 2015-16	Amount Outstanding as on march 31, 2016 (Payable)/Receivable
Mr. Hemant Kumar Bohra	Direct or Remuneration	-	-	18.00	-	-	18.00	-	-	29.25	-	-	27.00	-	-	27.00
	Loan Received	(14.00)	-	14.00	(14.00)	-	-	(14.00)	-	-	(14.00)	-	-	(99.00)	-	100.00
	Loan repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15.00
Mr. Sunil Bhandari	Direct or Remuneration	-	-	6.00	-	-	6.60	-	-	7.35	-	-	8.40	-	-	8.40
Mr. Deepak Babel	Loan Received													(10.00)	-	10.00
Bohra	Rent	-	-	2.51	-	-	4.38	-	-	13.48	-	-	13.48	-	-	6.81

Pratisthan Pvt Ltd	Paid															
Bohra Infra Agro Limited	Investment in Shares	-	-	-	-	-	-	-	-	-	-	-	2.45	2.45	2.45	-

Dividend Policy

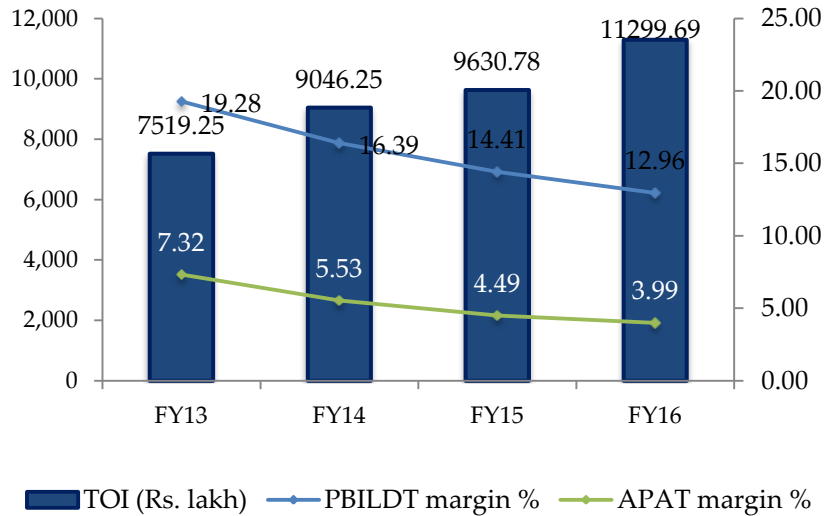
BIL does not have a formal dividend policy.

FINANCIAL PERFORMANCE - SUMMARY OF RATIOS

Period Ends on: March 31,	2012	2013	2014	2015	2016
Result Type:	Actual	Actual	Actual	Actual	Actual
KEY FINANCIAL RATIOS					
Growth Ratios					
Growth in Net sales	17.08	34.20	20.27	6.45	17.16
Growth in Total Operating Income	17.12	34.20	20.31	6.46	17.33
Growth in PBILDT	-12.25	21.42	2.26	-6.37	5.53
Growth in APAT	-46.60	71.71	-9.11	-13.62	4.38
Profitability Ratios					
Gross Margin	45.48	48.83	51.45	46.59	36.41
PBILDT Margin	21.31	19.28	16.39	14.41	12.96
PBIT Margin	20.30	18.31	15.48	13.43	12.03
OPBT Margin	9.26	9.07	7.09	5.33	5.17
OPAT Margin	5.72	7.32	5.53	4.49	3.99
APAT Margin	5.72	7.32	5.53	4.49	3.99
Operating ROCE	20.43	20.59	18.69	15.48	14.81
ROCE (Total)	19.76	20.32	18.43	15.21	14.29
RONW	18.36	25.79	18.83	13.88	12.78
Average Cost of Borrowings	15.94	15.72	16.08	15.05	13.40
Turnover Ratios					
Operating Capital Turnover Ratio	1.01	1.13	1.22	1.17	1.23
Fixed Assets Turnover Ratio	3.57	4.00	4.51	4.51	4.91
Working Capital Turnover Ratio	1.38	1.65	1.72	1.62	1.65
Average Raw Material Inventory Period	85	79	75	84	93
Average Finished Goods Inventory Period	89	68	55	43	20
Average Inventory Period (days)	224	208	188	180	157
Average Collection Period (days)	145	137	148	163	156
Average Creditors Period (days)	50	55	60	63	58
Working Capital Cycle (days)	319	289	276	280	254
Solvency Ratios					
Debt Equity Ratio	0.79	0.58	0.53	0.47	0.47
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	2.33	1.93	1.65	1.67	1.61
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	2.25	1.93	1.65	1.67	1.61
Adjusted Debt Equity Ratio	0.79	0.58	0.53	0.47	0.47
Adjusted Overall Gearing	2.33	1.93	1.65	1.67	1.61
Term Debt (including CPLTD) / Gross Cash Accruals	3.14	2.27	2.69	3.07	3.23
Total Debt / Gross Cash Accruals	9.25	7.48	8.43	10.98	11.13
Interest Coverage (PBILDT / Interest)	1.93	2.09	1.95	1.78	1.89
PBIT / Interest	1.84	1.98	1.84	1.66	1.75
Adjusted Interest Coverage	1.93	2.09	1.95	1.78	1.89
Current Ratio	1.28	1.29	1.35	1.37	1.45
Quick Ratio	0.70	0.76	0.85	0.85	0.89

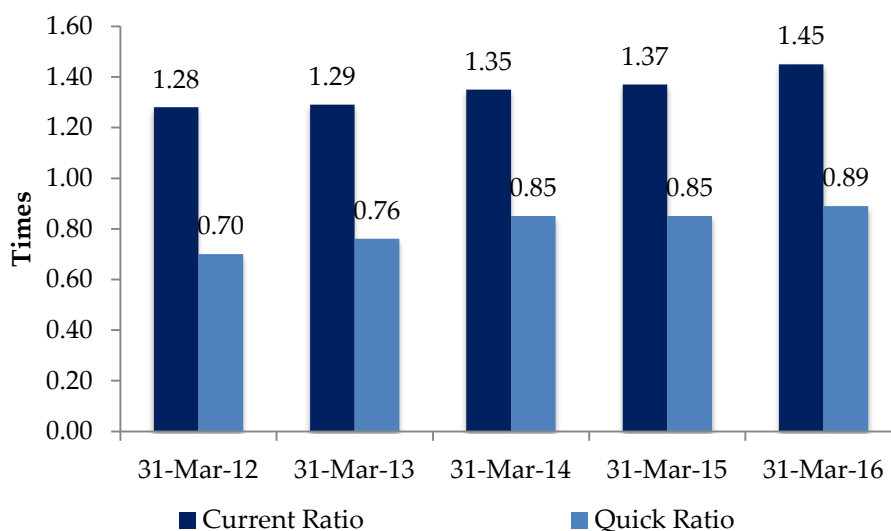
FINANCIAL PERFORMANCE – PROFITABILITY Analysis

Profitability Analysis



Comments:

- BIL is engaged into manufacturing of SSP fertilizers. TOI grew significantly to Rs.11299.69 Lakh in FY16 from Rs.7519.25 Lakh in FY13 due to increase in the volume of sales.
- The PBILDT margins has been declining in the past three years (from 19.28% in FY13 to 12.96 % in FY16) on account of continuous increase in material cost.
- With decline in operating margins, PAT margins has also declined being at 3.99 % during FY16.

FINANCIAL PERFORMANCE - LIQUIDITY ANALYSIS
Liquidity Analysis

Liquidity Ratio

Particulars	March 31, 2014	March 31, 2015	March 31, 2016
Working Capital Turnover Ratio	1.72	1.62	1.65
Average Raw Material Inventory Period	75	85	93
Average Finished Goods Inventory Period	55	43	20
Average Inventory Period (days)	188	180	157
Average Collection Period (days)	148	163	156
Average Creditors Period (days)	60	63	58
Working Capital Cycle (days)	276	280	254

Comments:

- BIL's liquidity position is moderately weak marked by moderate current ratio and moderate quick ratio and high level of utilization of its working capital limits. While the current ratio was at 1.45 times, its quick ratio remained low at 0.89 times as on March 31, 2016 due to high level of dues payable in the form of auditors remuneration, income tax and others.
- The operations of BIL are high working capital intensive in nature (with average utilization of around 90% of cash credit facility of Rs.4300.00 Lakh and BG and LC facility of Rs.500 lakhs and Rs.1500 lakhs respectively availed from State Bank of India during the twelve months ending February 2017. The company manufactures SSP

fertilizers and maintains necessary inventory of raw material and finished goods to cater to demands of its customers which primarily comprise of dealers. BIL offers its customers ~120-180 days of credit. It procures raw material from domestic suppliers as well as it imports rock phosphate from Egypt, Iran, Jordan, Morocco, Syria, Togo, Tunisia and it gets ~30-60 days credit from them. While cash flow from operating activities was positive, the unencumbered cash & bank balance was around Rs.33.53 lakh as on Mar 31, 2016.

- BIL is planning to execute project worth Rs.125.54 crore out of which Rs. 7 crore will be raised through listing on NSE emerge platform and balance through term loan of Rs.35 crore from State Bank of India (Already sanctioned but not disbursed) and Rs. 20 crore term loan from State Bank of Bikaner & Jaipur and remaining Rs.63.54 crore will be funded through internal accruals and equity. It plans to utilize proceeds of the issue to purchase of machinery and equipment for SSP expansion, to meet working capital requirements and to meet general corporate purpose

As provided by the management, Average monthly fund-based (Cash Credit) working capital utilization level (State bank of India)

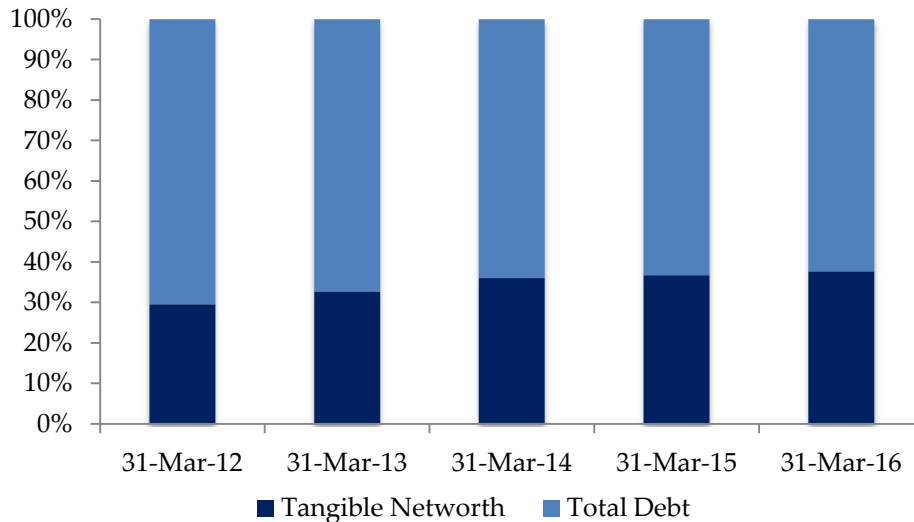
Month	Sanctioned Limit (Rs. Lakh)	Average monthly utilization (Rs. Lakh)	Maximum monthly utilization (Rs. Lakh)	Average monthly utilization (%)	Maximum monthly utilization (%)
March 2016	4300.00	3440.00	3870.00	80.00	90.00
April 2016	4300.00	3440.00	3870.00	80.00	90.00
May 2016	4300.00	3440.00	3870.00	80.00	90.00
June 2016	4300.00	3440.00	3870.00	80.00	90.00
July 2016	4300.00	3440.00	3870.00	80.00	90.00
August 2016	4300.00	3440.00	3870.00	80.00	90.00
September 2016	4300.00	3440.00	3870.00	80.00	90.00
October 2016	4300.00	3440.00	3870.00	80.00	90.00
November 2016	4300.00	3440.00	3870.00	80.00	90.00
December 2016	4300.00	3440.00	3870.00	80.00	90.00
January 2017	4300.00	3440.00	3870.00	80.00	90.00
February 2017	4300.00	3440.00	3870.00	80.00	90.00

As provided by the management, Average monthly non fund-based (Bank Guarantee of Rs. 5 crore and Letter of credit of Rs.15 crore) working capital utilization level (State bank of India)

Month	Sanctioned Limit (Rs. Lakh)	Average monthly utilization (Rs. Lakh)	Maximum monthly utilization (Rs. Lakh)	Average monthly utilization (%)	Maximum monthly utilization (%)
March 2016	2000.00	1600.00	1800.00	80.00	90.00
April 2016	2000.00	1600.00	1800.00	80.00	90.00
May 2016	2000.00	1600.00	1800.00	80.00	90.00
June 2016	2000.00	1600.00	1800.00	80.00	90.00
July 2016	2000.00	1600.00	1800.00	80.00	90.00
August 2016	2000.00	1600.00	1800.00	80.00	90.00
September 2016	2000.00	1600.00	1800.00	80.00	90.00
October 2016	2000.00	1600.00	1800.00	80.00	90.00
November 2016	2000.00	1600.00	1800.00	80.00	90.00
December 2016	2000.00	1600.00	1800.00	80.00	90.00
January 2017	2000.00	1600.00	1800.00	80.00	90.00
February 2017	2000.00	1600.00	1800.00	80.00	90.00

FINANCIAL PERFORMANCE - FINANCIAL FLEXIBILITY

Capital Structure



Capital Structure Ratio

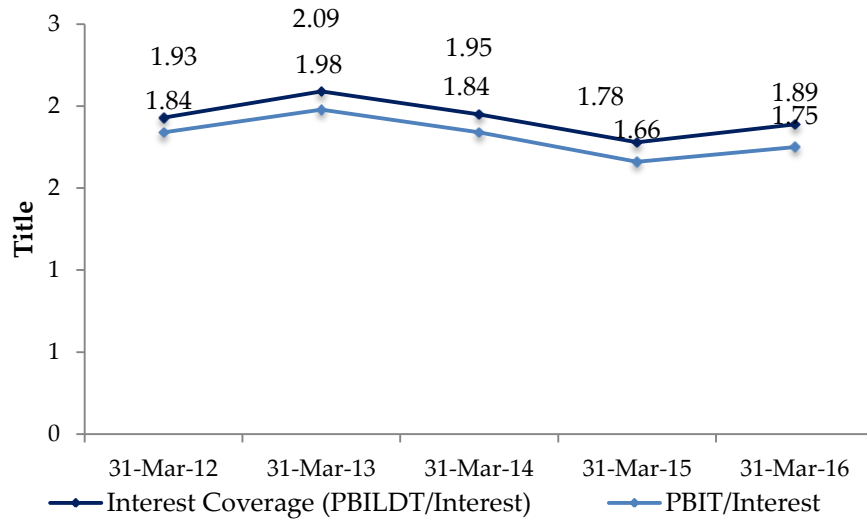
Particulars	Mar 31, 2014	Mar 31, 2015	Mar 31, 2016
Debt Equity Ratio	0.53	0.47	0.47
Overall Gearing Ratio (Including Acceptances / Creditors on LC)	1.65	1.67	1.61
Overall Gearing Ratio (Excluding Acceptances / Creditors on LC)	1.65	1.67	1.61
Adjusted Debt Equity Ratio	0.53	0.47	0.47
Adjusted Overall Gearing	1.65	1.67	1.61
Average Cost of Borrowings	16.08	15.05	13.40
Total Outside Liabilities to Networth	2.18	2.16	2.08

Comments:

The long term debt level seems to be moderate marked by debt equity ratio of 0.47 times and overall gearing was moderate at 1.61 times as on March 31, 2016. Overall gearing has marginally improved y-o-y in FY16 on account of accretion of profits to reserves. With moderately high gearing level and moderately high creditor days in the range of 50 to 70 days, total outside liabilities as compared to total net worth remained moderate at 2.07 times as on the latest balance sheet date.

FINANCIAL PERFORMANCE - DEBT PROTECTION INDICATORS

Debt Coverage



Comments:

With high dependence on working capital bank borrowings, the debt coverage indicators of EIFFL stood weak marked by total debt to GCA of 11.13 times as on March 31, 2016 (as against 10.98 times as on March 31, 2015) and interest coverage of 1.89 times in FY16 (as against 1.78 times in FY15).

BANKERS & AUDITORS DUE DILIGENCE

Stake holder		Feedback
Bankers & Lenders- State Bank of India SME Branch, 4-C Madhuban, Udaipur, Rajasthan	Mr. Niraj Kumar	Satisfactory
	Chief Manager	
	9971199622	
	March 09,2017	
Auditor M/s Agrawal Gupta & Maheshwari	Mr. Arvind Agarwal	Satisfactory
	Partner	
	9825131608	

Remarks

- The account is regular with State Bank of India .The banker has expressed satisfaction over the conduct of the account.
- Its cash credit limit of Rs.43 crore was utilized at around 90 percent over the past 12 months ended Feb-2017.

Key Findings

Key Findings	Company Comment	CARE Comment
<p>High reliance on promoter in key decision making.</p> <p>(Majority of the critical decisions in the company are being taken by promoter only)</p>	<p>As per management, BIL has hired qualified personnel to manage accounts and finance, production and marketing functions of the company.</p>	<p><i>BIL has only shared details of a few of the second line management personnel. Mr. Sunil Bhandari has been involved in management of company since long time and is currently the Whole time director of BIL. Going forward, the ability of the company to separate management and owners remains to be seen.</i></p>
<p>High utilization of production capacity</p>	<p>As per the management, BIL capacity utilization is as per industry standards. However, management expects better utilization from new/upgraded machinery installed. It is upgrading its machinery at its existing plant.</p>	<p><i>CARE expects that with modification of its existing plant and increase in marketing activities, BIL will be able to cater to domestic as well as foreign market better and as per management, as the demand increases the company will have better capacity utilization in future.</i></p>
<p>High reliance on WC Bank borrowings with elongated inventory and collection period</p>	<p>The management has stated that it has to make some advance payments to Suppliers who are primary raw material supplier of BIL and manages interest and principal repayment to banks through working capital limits. Customers (especially dealers) make payments after 4-6 months. Further, though it utilizes the facilities around 90 %.Banker has expressed satisfaction over the conduct of the account.</p>	<p><i>CARE understands that in order to maintain competitiveness, BIL offer high credit period to its customers and advance payments are necessary to avail discounts from its suppliers. Further, company also maintains high level of inventory to fulfill the regular demand from customers. However, ability of the company to manage the working capital cycle efficiently with minimize the use of working capital limits would be critical.</i></p>
<p>Competition from other manufacturers</p>	<p>As the company manufactures and sales only one product which caters more competition from other manufacturers and they are dealing in domestic market only.</p>	<p><i>CARE understands that the entity has approvals in place; however, in the market other manufacturers are also able to sell their products. Hence, entity's ability to increase its scale and remain competitive while managing its profitability remains to be seen.</i></p>
<p>High proportion of selling costs in total cost of production</p>	<p>As discussed with management the selling cost constitutes the second highest part ie around 21.83 % in total cost of production due to rebates and discounts offered and transportation charges.</p>	<p><i>CARE understands that the promotional expenses are bound to remain high due to high competition prevalent in fertilizers industry. However, establishing its brand thus reducing the level of discounts remains to be seen.</i></p>
<p>Declining profitability</p>	<p>The operating margins have declining over the years</p>	<p><i>Owing to low bargaining power of entity</i></p>

Key Findings	Company Comment	CARE Comment
	<p>mainly due to increase in material costs. However company is hopeful to improve its profitability by increasing its overall scale.</p>	<p><i>against its suppliers and limited ability to pass on the increase in material cost affects the profitability of the entity. Going forward, improving margins by passing on input price hike in competitive market remains to be same.</i></p>
<p>Rationale for expansion and project funding risk</p>	<p>Since the management already has experience in fertilizer industry, implementation and stabilization risk would be low. Further, the company is trying to diversify its product portfolio thus reducing product concentration risk. Out of the total project cost of Rs.125.54 crore, Rs. 62 crore have been tied up ie. Rs.55 crore from bank and Rs.7 crore from IPO proceeds and balance of Rs. 63.54 crore will be funded through internal accruals and equity. However, majority of funds have not been tied up by the company.</p>	<p><i>Although the entity is trying to reduce product concentration however, the end use of new products also would be agriculture industry which is dependent on monsoon. Further, timely availability of funds and execution of the project and subsequent stabilization of the same remains to be same .Although 50 % of the funds been tied up and largely will be funded through internal accruals and equity; the receipt of these funds, subsequent execution of the project & stabilization of operations will be critical.</i></p>

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