

R. P. Basmati Rice Limited

Instrument	Amount	Rating
	Rs. Crore	March 2016
Fund Based Limits (including unallocated limits) (earlier Rs. 237.75 crore including term loans)	235.41	Reaffirmed at [ICRA]BBB- (Stable)
Forward Cover Limits (earlier Rs. 2.00 crore)	4.34	Reaffirmed at [ICRA]A3
Total	239.75	

ICRA has reaffirmed the rating at [ICRA]BBB-(pronounced ICRA triple B minus) for Rs. 235.41 crore* (including unallocated limits - earlier Rs. 237.75 crore including term loans) long term fund based bank limits of R. P. Basmati Rice Limited (RPBRL)[†]. The outlook on the long term rating is stable. ICRA has also reaffirmed the short term rating at [ICRA]A3 (pronounced as ICRA A three) for Rs. 4.34 crore (earlier Rs. 2.00 crore) short term forward cover limits of RPBRL.

The ratings reaffirmation takes into account the steady growth in operating income of the company in FY15 primarily driven by increased realisation in the domestic market. In the current year the company has reported steady growth in volumes sold in 9MFY16, however because of decline in realisations value of sales had been on lower side. Further, the ratings continue to derive comfort from the promoters' long track record of operations in the rice industry, company's established relationship with its customers and proximity to raw material sources of Haryana and Punjab owing to its factory being located in Karnal, Haryana. Apart from these, the ratings also factor in the low customer concentration risk faced by the company as a result of diversification of its customer base with entry into new export destinations.

The ratings however are constrained by prevailing weak industry demand in export markets resulting in a downward pressure on company's realizations. Weak demand has further impacted the moderate profitability of the company and has led to a build up of finished goods inventory and higher credit period for its customers resulting in an increase in its working capital intensity. Consequently the working capital borrowings of the company have increased resulting in increased gearing from 1.68 times as on March 31, 2014 to 2.02 times as on March 31, 2015 (1.90 times as on December 31, 2015). This coupled with moderate profitability has resulted in subdued debt protection metrics with interest coverage of 1.2 times and Net Cash Accruals/Total Debt of 3.8% in FY15. Apart from these, ICRA has also noted the company's exposure to agro climatic risks, limited pricing flexibility due to intensely competitive nature of the industry, commodity price risk with respect to its high inventory level and exposure to adverse movement in foreign exchange rates amid company's selective hedging practices.

Going forward, the company's ability to achieve steady revenue growth and improve its profitability and working capital intensity, along with maintaining comfortable capital structure remain the key rating sensitivities.

Company Profile

R.P. Basmati Rice Limited (RPBRL) was established in 1998 as a partnership firm and was converted in to public limited company in 2001. The promoter Mr. R. P. Singhal had been involved in trading and processing of agro commodities including rice, spices and pulses for around three decades. RPBRL is primarily engaged in the milling/processing and trading of Basmati and Non- Basmati paddy/rice apart

* 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's Website, www.icra.in, or any of the ICRA Rating Publications.



from trading of spices, pulses and few other agricultural products. The rice milling/processing facility of the company is located in Karnal, Haryana with milling capacity of 16 metric tonnes per hour (MTPH).

Recent Results

During 9MFY16 RPBRL has reported profit after tax of Rs. 4.3 crore on an operating income of Rs. 333.3 crore. As per the audited results, RPBRL reported a net profit of Rs. 5.3 crore on an operating income of Rs.487.4 crore for the year ended March 31, 2015 as against a net profit of Rs. 6.1 crore on an operating income of Rs. 475.6 crore for the year ended March 31, 2014.

March 2016

For further details, please contact:

Analyst Contacts:

Mr. Sabyasachi Majumdar (Tel. No. +91 124 4545304)
sabyasachi@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

© Copyright, 2016, 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