



Baba Malleshwar Rice Mill Private Limited

Instrument	Amount Rated	Rating Action
Fund Based - Cash Credit	Rs. 4.62 crore	[ICRA]B- assigned
Fund Based - Term Loan	Rs. 5.18 crore	[ICRA]B- assigned
Non Fund Based Limit – Bank Guarantee	Rs. 0.20 crore	[ICRA]A4 assigned
Non Fund Based Limit – Letter of Credit [^]	Rs. 2.50 crore	[ICRA]A4 assigned

[^]Letter of credit of Rs. 2.5 crore is a sublimit of the term loan

ICRA has assigned a long term rating of [ICRA]B- (pronounced ICRA B minus)[†] to the Rs. 5.18 crore[†] term loan and Rs. 4.62 crore cash credit facility of Baba Malleshwar Rice Mill Private Limited (BMRMPL). ICRA has also assigned a short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 0.2 crore bank guarantee facility and letter of credit facility (sub-limit of the term loan) of Rs. 2.5 crore of BMRMPL.

The assigned ratings take into account BMRMPL's weak financial risk profile as reflected by unfavorable capital structure and weak debt coverage indicators. Moreover, the company undertook part debt funded capital expenditure (capex) for capacity expansion, which, in turn, is likely to keep the capital structure as well as debt coverage indicators stretched over the near term. The ratings also take into consideration the intensely competitive nature of the industry characterized by a large number of small players which is likely to keep the margins of the entity under check, its exposure to agro climatic risks with paddy being an agriculture commodity, vulnerability to adverse changes in Government policies towards agro based commodities like rice and the high working capital intensity of business operations adversely impacting its liquidity position. The ratings also take note of the experience of the promoters in the rice milling industry, the entity's presence in a major paddy growing area, resulting in easy availability of paddy and the healthy growth in revenues and operating profits of the company over the last two years. In ICRA's opinion, the ability of the company to improve its capacity utilization level and profitability while managing its working capital requirements efficiently would be key rating sensitivities going forward.

Company Profile

Established in 1994 as a partnership concern, Baba Malleshwar Rice Mill Private Limited derived its present name in March 2010. The entity is engaged in milling of parboiled rice and has an installed capacity to manufacture 7,200 MTPA (enhanced to 55,200 MT per annum from November' 2014) of rice.

Recent Results

In 2014-15, as per the provisional results, BMRMPL reported a profit before tax of Rs. 0.07 crore on an operating income (OI) of Rs. 16.35 crore as compared to a profit after tax (PAT) of Rs. 0.06 crore on an OI of Rs. 9.84 crore in 2013-14.

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* For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications

[†] 100 lakh = 1 crore = 10 million



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