

Bhagwati Rice Mill (P) Limited

Instrument	Amount	Rating
	In Rs. Crore	As on August 2016
Fund-Based Facilities	35.40 (enhanced from Rs. 28.40 crore)	[ICRA]B+; assigned

ICRA has assigned [ICRA]B+ (pronounced ICRA B plus) rating to Rs. 35.40-crore¹ (enhanced from Rs. 28.40 crore) bank lines² of Bhagwati Rice Mill (P) Ltd (BRM).

ICRA's rating action factors in healthy growth in operating income in FY2016; although it was accompanied by increased gearing levels, slight increase in working capital intensity and decline in interest coverage ratio. The rating continues to be constrained by high intensity of competition in the rice milling industry and agro-climatic risks, which can affect the availability of paddy in adverse weather conditions. The ratings are also subdued on account of weak financial profile as reflected by thin operating margins resulting in low profits, elevated gearing levels and weak debt coverage indicators. The rating, however, continues to favorably take into account the extensive experience of the promoters in the rice industry and the proximity of the mill to a major rice-growing area, which results in easy availability of paddy.

Going forward, the ability of the company to grow its scale of operation and improve its profitability while maintaining optimal working capital intensity and a prudent capital structure shall remain key rating sensitivities.

Company Profile

Bhagwati Rice Mill (P) Ltd (BRM) was established in 1996. The company is primarily involved in rice milling. BRM's milling unit is based out of Mainpuri, Uttar Pradesh and is in close proximity to the local grain market. It sells rice under its four different regional brands – Shree, Hathi, Gulab and Ujjwal in the domestic market.

Recent Results

The company reported a net profit after tax of Rs. 0.08 crore on an operating income of Rs. 153.83 crore during FY2016 as against a net profit after tax of Rs. 0.10 crore on an operating income of Rs. 108.93 crore during FY2015.

August 2016

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's Website, www.icra.in, or any of the ICRA Rating Publications.

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