

Press Release

Bhagwati Rice Mills (BRM)

23 January, 2017

Rating Downgraded

Total Bank Facilities Rated*	Rs.34.68 Cr
Long Term Rating	SMERA D (Downgraded from SMERA BB-/Stable)

*Refer Annexure for details

Rating Rationale

SMERA has downgraded the rating assigned to the above mentioned bank facilities of Bhagwati Rice Mills to **SMERA D (read as SMERA D)** from SMERA BB- (read as SMERA double B minus).

List of key rating drivers and their detailed description

Strengths:

Experienced management: The firm has over two decades of operational track record. Mr. Ajay Kumar, Mr. Bijay Kumar and Mr. Krishna Rani have nearly 25 years of experience in the rice industry.

Weaknesses:

Delays in debt servicing: The rating reflects the recognition of the firm's account as a Non-Performing Asset (NPA) due to delays in servicing its debt obligations.

Analytical approach: SMERA has taken a standalone view of the financial and business risk profiles of BRM.

Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

About the Firm

BRM was incorporated as a partnership firm in 1994 by Mr. Ajay Kumar, Mr. Vijay Kumar and Mr. Krishna Rani. The firm is engaged in the milling of basmati rice and is based out of Nissing, Haryana.

In FY2015, BRM reported Profit After Tax (PAT) of Rs.1.03 crore on operating income of Rs.186.74 crore against PAT of Rs.0.23 crore on operating income of Rs.155.37 crore in FY2014.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	31.50	SMERA D (Downgraded from SMERA BB-/Stable)	-	-	23 September, 2015	SMERA BB-/Stable (Assigned)	-	-
Term Loan	LT	2.38	SMERA D (Downgraded from SMERA BB-/Stable)	-	-	23 September, 2015	SMERA BB-/Stable (Assigned)	-	-
Proposed Long Term Facility	LT	0.80	SMERA D (Downgraded from SMERA BB-/Stable)	-	-	23 September, 2015	SMERA BB-/Stable (Assigned)	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	N.A	N.A	N.A	31.50	SMERA D (Downgraded from SMERA BB-/Stable)
Term Loan	N.A	N.A	N.A	2.38	SMERA D (Downgraded from SMERA BB-/Stable)
Proposed Long Term Facility	N.A	N.A	N.A	0.80	SMERA D (Downgraded from SMERA BB-/Stable)

Note on complexity levels of the rated instrument:
<https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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