

Press Release**Bala Sundri Rice Mills**

July 26, 2017

Rating Downgraded

Total Bank Facilities Rated*	Rs. 6.50 Cr.
Long Term Rating	SMERA D

** Refer Annexure for details***Rating Rationale**

SMERA has downgraded long-term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 6.50 crore bank facilities of Bala Sundri Rice Mills.

Established in 2009 as a proprietorship firm, Bala Sundri Rice Mills (BSRM) was converted into a partnership firm in 2013-14. The firm, led by Partners, Mr. Shyam Goyal and Mrs. Rama Goyal is engaged in the milling of basmati and non basmati rice at Karnal, Haryana.

Key Rating Drivers**Strengths**

- **Experienced management**

BSRM is led by Mr. Shyam Goyal, and Mrs. Rama Goyal who possess experience of over two decades in the rice milling industry.

Weaknesses

- **Moderate financial risk profile**

The financial risk profile is moderate marked by high gearing of 10.62 times (includes unsecured loan of Rs.4.22 crore) as on 31 March, 2016 compared to 1.52 times as on 31 March, 2015. The interest coverage ratio stood at 2.75 times for FY2016 and 2.64 times in FY2015.

- **Delays in repayment of debts**

The rating reflects delays in servicing of debt obligations by the company.

- **Working capital intensive operations**

The operations are working capital intensive reflected in the high GCA days of 168 in FY2016 as against 35 in FY2015. This is due to high receivables and inventory which stood at 95 and 73 days respectively for FY2016.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

About the Rated Entity - Key Financials

For FY2016, BSRM reported Profit after Tax (PAT) of Rs.0.05 crore on operating income of Rs.25.61 crore compared to PAT of Rs.0.05 crore on operating income of Rs.28.11 crore in the previous year. The net worth stood at Rs.0.99 crore as on 31 March, 2016 as against Rs.0.99 crore as on 31 March, 2015.

Status of non-cooperation with previous CRA (if applicable)

ICRA ratings vide release dated 04th Jan, 2016 classified BSRM as 'Rating Suspended' due to lack of adequate information.

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
30-Mar-2016	Cash Credit	Long Term	INR 3.5	SMERA B / Stable
	Term Loan	Long Term	INR 3	SMERA B / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.50	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA D

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