



**Press Release**  
**BHOLE NATH FOODS LIMITED**  
**March 27, 2025**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE BBB   Stable   Assigned	-
Bank Loan Ratings	73.32	ACUITE BBB   Stable   Reaffirmed	-
Bank Loan Ratings	2.00	-	ACUITE A3+   Assigned
Bank Loan Ratings	10.00	-	ACUITE A3+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	100.32	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Ba**) and short-term rating of ‘**ACUITE A3+** (read as **ACUITE A Three Pluso**)’ on the Rs. 83.32 Cr. bank facilities of Bhole Nath Foods Limited (BFL). The outlook is ‘**Stable**’.

Acuite also has assigned its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple B**) and short-term rating of ‘**ACUITE A3+** (read as **ACUITE A Three Pluso**)’ on the Rs. 17.00 Cr. additional bank facilities of Bhole Nath Foods Limited (BFL). The outlook is ‘**Stable**’.

**Rationale for reaffirmation of rating:**

The rating reaffirmation considers extensive experience of BFL’s promoters and its long track record of operations in the rice milling industry. Further, the rating draws comfort from the moderate financial risk profile and growth recorded in the operating revenues while maintaining stable profitability margins. However, the rating is constrained on account of moderately intensive working capital operations, competitive nature of the industry and risks associated with commodity price fluctuations.

**About the Company**

Bhole Nath Foods Limited (BFL) was established as a private limited company in June 1997 and subsequently, the constitution of the company was changed from private limited to public limited in February 2017. The company was initially engaged in the trading of spices and grains in Punjab and is promoted by Mr. Ashok Kumar (Managing Director) and his four brothers, Mr. Vijay Kumar Kapoor, Mr. Pradeep Kumar Kapoor, Mr. Rakesh Kumar Kapoor and Mr. Gulshan Kapoor. Since 2000, the company is engaged in rice milling. BFL has four manufacturing facilities at Khera, Kalan, Narela, and Delhi with total capacity of 9720 metric tons per month. The company sells

its products under the brand names of 'Eravat', 'Monal', 'Cheetal Basmati Rice' and 'Delhi Great', the flagship brand. It also trades in broken rice and rice bran.

### **Unsupported Rating**

Not applicable

### **Analytical Approach**

Acuité has considered the standalone business and financial risk profile of BFL to arrive at the rating

## Key Rating Drivers

### Strengths

#### Experienced management

The company was initially engaged in trading of spices and grains and later since 2000 the company has been engaged in rice milling, thus having a long track record of operations of over two decades in rice milling industry. The company is promoted by Mr. Ashok Kumar and his four brothers Mr. Vijay Kumar Kapoor, Mr. Pradeep Kumar Kapoor, Mr. Rakesh Kumar Kapoor and Mr. Gulshan Kapoor look after the day-to-day operations of the company. The promoter have an experience of almost two decades in the rice milling industry. Acuité believes the company will benefit from its experienced management and its presence for over two decades in the aforesaid industry.

#### Improved operating revenue:

The company registered revenue of Rs.393.36 Cr. in FY2024, posting ~22 percent growth against the previous year's revenue of Rs.323.23 Cr. The growth in revenue is primarily driven by the higher price realisations amid some decline in volumes during the year. However, the operating profit margins remained stable at 3.19 percent in FY2024 compared to 3.26 percent in FY2023. due to higher raw material costs. PAT margin also remained stable at 0.90 percent in FY2024 compared to 0.96 percent in FY2023. Additionally, the company registered revenue of Rs.395 Cr. in 11MFY2025 Acuite expects further augmentation in BNFL's revenue in the near-medium term on account of strong global demand for the rice and increasing exports.

#### Moderate financial risk profile:

BNFL's financial risk profile is moderate, marked by moderate net worth, moderate gearing and above average debt protection metrics. The company's net worth stood at Rs.64.30 Cr. as on March 31, 2024 against Rs.60.77 Cr. as on March 31, 2023. The improvement in net worth is due to accretion of profits to reserves during the period. The gearing and total outside liabilities to tangible net worth (TOL/TNW) levels stood at 1.25 times and 1.98 times as of March 31, 2024 respectively compared to 1.30 times and 1.86 times as on March 31, 2023 respectively. The debt protection metrics stood above average with DSCR and ICR of 1.32 times and 2.15 times respectively as on March 31, 2024. Debt to EBITDA also improved to 5.73 times as on March 31, 2024 from 6.58 times as on March 31, 2023. Acuite believes that the financial risk profile of the company will improve over the medium term backed by steady accruals and absence of major debt-funded capex.

### Weaknesses

#### Moderately intensive nature of working capital operations

BNFL's working capital operations are moderately intensive, as reflected by the gross current assets (GCA) days, which, although improved, remained high at 157 days in FY2024, compared to 175 days in FY2023. The extended GCA days are attributed to high inventory levels necessitated by the seasonal nature of the business. Paddy, being a kharif crop, is harvested in November and December in North India, with raw materials arriving in the market post-December. To mitigate price volatility, the company strategically manages its inventory by placing corresponding orders with suppliers. Typically, inventory levels are elevated during October to March, and is backed by corresponding orders to be dispatched as per the customer cycle, while inventory levels decline from April to October as dispatches occur during this period. This resulted in high inventory days of 71 and debtor days of 75 in FY2024.

Acuite expects BNFL's working capital operations to remain moderately intensive in the medium term, given the inherent nature of its business.

#### Commodity price fluctuation risk along with competitive and fragmented nature of rice milling business

Paddy, the main raw material required for rice is a seasonal crop and production of the same is highly dependent upon monsoon season. Environmental factors, sound fertility of soil and seasonal monsoon control the output of the paddy cultivation affecting the demand supply dynamics of basmati rice year-on-year resulting in price flux. Furthermore, paddy price is largely dependent on several external factors like domestic demand outlook, international trade regulations and domestic productions. This exposes the company to the risk related with fluctuation in raw material price. Further, the rice milling is a highly competitive industry due to low entry barriers, which results in intense competition from both the organized as well as unorganized players in the industry.

### Rating Sensitivities

- Sustenance of revenue growth and improvement in profitability.

- Improvement in working capital operations and financial risk profile.
- Any significant elongation in the working capital cycle leading to deterioration of the liquidity profile.

### **Liquidity position: Adequate**

BNFL's liquidity position is adequate as reflected through sufficient net cash accruals against the repayment obligations. The company generated net cash accruals of Rs.6.29 Cr. in FY2024 against repayment obligations of Rs.3.18 Cr. for the same period. Further, the company is expected to generate sufficient cash accruals against its maturing repayment obligations over the medium term. Its current ratio stood moderate at 1.39 times as on March 31, 2024. The unencumbered cash and bank balances stood low at Rs.0.32 Cr. as on March 31, 2024. The fund based working capital limits were utilized at an average of 92 percent during the past 12 months ending February, 2025. Acuite believes that the liquidity position of the company will remain adequate over the medium term on account of expected sufficient cash accruals generation against repayment obligations.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	393.36	323.23
PAT	Rs. Cr.	3.52	3.10
PAT Margin	(%)	0.90	0.96
Total Debt/Tangible Net Worth	Times	1.25	1.30
PBDIT/Interest	Times	2.15	2.29

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

Not applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Nov 2024	Stand By Line of Credit	Short Term	10.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.40	ACUITE BBB   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	7.92	ACUITE BBB   Stable (Reaffirmed)
06 Oct 2023	Stand By Line of Credit	Short Term	6.40	ACUITE A3+ (Reaffirmed)
	Stand By Line of Credit	Short Term	3.60	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	43.00	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	7.00	ACUITE BBB   Stable (Assigned)
	Cash Credit	Long Term	12.68	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	1.32	ACUITE BBB   Stable (Assigned)
	Working Capital Term Loan	Long Term	1.40	ACUITE BBB   Stable (Assigned)
	Working Capital Term Loan	Long Term	7.92	ACUITE BBB   Stable (Reaffirmed)
22 Jul 2022	Derivative Exposure	Short Term	1.60	ACUITE A3+ (Assigned)
	Stand By Line of Credit	Short Term	6.40	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	43.00	ACUITE BBB   Negative (Reaffirmed)
	Cash Credit	Long Term	7.00	ACUITE BBB   Negative (Reaffirmed)
	Working Capital Term Loan	Long Term	10.41	ACUITE BBB   Negative (Assigned)
	Working Capital Term Loan	Long Term	1.40	ACUITE BBB   Negative (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.19	ACUITE BBB   Negative (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB   Stable   Assigned
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.74	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A3+   Reaffirmed
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A3+   Assigned
Axis Bank	Not avl. / Not appl.	Working Capital Term Loan	30 Aug 2021	Not avl. / Not appl.	25 Dec 2027	2.54	Simple	ACUITE BBB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	08 Dec 2021	Not avl. / Not appl.	30 Oct 2026	3.04	Simple	ACUITE BBB   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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