

Press Release

Bansal Rice Mills

December 30, 2019



Rating Downgraded

Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	ACUITE D (Downgraded)

* Refer Annexure for details

Rating Rationale

Acuité has reviewed the long term rating of **“ACUITE B” (read as ACUITE B)** to **“ACUITE D” (read as ACUITE D)** on the Rs.12.00 crore bank facilities of Bansal Rice Mills.

Acuite has relied on publicly available information with regards to the account conduct.

Bansal Rice Mills (BRM), a Punjab based partnership firm was established in 2007. The firm is promoted by the partners, Mr. Sandeep Kumar, Mr. Amandeep Bansal, Mr. Badri Parshad, Mr. Rashmi Bansal and Mr. Manisha Bansal and others. The firm is engaged in processing and selling of Paddy, Basmati Rice, Bardana, Rice Bran and Paddy Husk. BRM has manufacturing facilities located at Sangrur, Punjab with installed capacity of 3 metric ton rice per hour. The firm procures the raw material i.e. paddy from local market and sells the final output i.e. rice in domestic market.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Experienced management**

The partners, Mr. Sandeep Kumar and Mr. Amandeep Bansal have experience of more than a decade. The firm is also supported by second line of management. The extensive experience of partners' has helped the firm in establishing longstanding relationships with customers and suppliers.

Weaknesses

- **Delay in servicing of debt obligations**

Acuite has relied upon the information available on public domain according to which the firm has recorded a delay in the servicing of debt obligations.

- **Highly competitive and fragmented industry affected by agro climatic risks**

The agro commodity (rice) industry is highly competitive with multiple players coupled with low entry barrier results into intense competition from both the organized as well as unorganized players. Paddy which is the main raw material required for rice is a seasonal crop and production of the same is highly dependent upon monsoon. Thus, inadequate rainfall may affect the availability of paddy in adverse weather conditions.

Rating Sensitivities:

- Timely servicing of debt obligations.
- Stretch in working capital cycle leading to increased reliance on working capital borrowings

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

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

India Ratings and Research vide its press release dated 19 December, 2019 had denoted the rating

of Bansal Rice Mills as 'IND D (ISSUER NOT COOPERATING)' on account of lack of adequate information required for monitoring of ratings.

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Material Covenants

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
19-Feb-19	Cash Credit	Long Term	5.50	ACUITE B/Stable (Assigned)
	Term Loan	Long Term	0.75	ACUITE B/Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	5.75	ACUITE B/Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.50	ACUITE D (Downgraded)
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE D (Downgraded)
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	5.75	ACUITE D (Downgraded)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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