

## Rating Rationale

### Brickwork Ratings assigns 'BWR C-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 15.99 Cr of Amaresh Rice Mill.

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the bank loan facilities of Amaresh Rice Mill ('ARM' or 'the Firm'):

Facility	Limits (₹ Cr)	Tenure	Rating
<b>Fund Based (FB)</b> Cash Credit Term Loan	6.30 9.54	Long Term	<b>BWR C-</b> (Pronounced BWR C Minus)
<b>Non Fund Based (NFB)</b> Bank Guarantee	0.15	Short Term	<b>BWR A4</b> (Pronounced BWR A Four)
<b>Total Limits</b>	<b>15.99</b>	<b>(INR Fifteen Crores and Ninety Nine Lakhs only)</b>	

BWR has essentially relied upon the audited financial results of ARM up to FY13, provisional financial statements for FY14 and information and clarifications provided by the management of the Firm.

The rating assigned derives comfort from experience of the promoters in the rice milling industry, locational advantage of the milling unit close to the rice growing area resulting in favourable access to paddy and improvement in sales in FY14. The ratings are however constrained by the weak financial risk profile characterized by high gearing, low debt coverage indicators and the strained liquidity position leading to delays in repayment of debt obligations over the last two years. The rating is also constrained by the low scale of operations, highly competitive industry and exposure to agro climatic risks.

### Background

Amaresh Rice Mills (ARM) was established as a partnership firm in 2004 by Mrs. Supriya Hazra. The registered office of the firm is based in Burdwan, West Bengal. ARM is engaged in milling and processing of paddy into rice, rice bran, broken rice, and husk. The firm produces raw and boiled rice and is focused on domestic sales of rice. The rice mill is situated in Burdwan, West Bengal with an installed milling capacity of 180 tons per day under 3 shifts.

### Partners Profile

The partners of the Firm are Mrs. Supriya Hazra and her son Mr. Amaresh Hazra. The profit sharing between them is at 66% and 34% respectively. Mrs Hazra has an overall experience of 10 years while Mr. Amaresh holds overall experience of 6 years in the industry.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

## Financial Performance

As per the provisional FY14 financials, net sales of the Firm increased to Rs. 57.26crs in FY14 recording a growth of 24.67% as compared to Rs 32.59 Crs in FY13 given increase in the demand. Operating profit of the Firm also increased to Rs. 4.73crs in FY14(P) as against Rs. 2.04crs in FY13. PAT improved to Rs. 0.15crs in FY14(P) as compared to Rs. 0.04crs in FY13.

## Rating Sensitivities

Going forward, the ability of the firm to ensure timely debt servicing, improve its revenue and profitability, strengthen its capital structure and manage its working capital requirements efficiently would be the key rating sensitivities.

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