



Rating Rationale

Upkar Roller Flour Mills Pvt. Ltd.

14 June 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 5.00 Crores of Upkar Roller Flour Mills Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based			
Cash Credit	5.00	Long Term	BWR B (Pronounced as BWR Single B) (Outlook: Stable)
Total	5.00	INR Five Crores Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financials of Upkar Roller Flour Mills Pvt.Ltd. (URFMPL) up to FY18, projected financials, publicly available information and information/clarifications provided by the company's management.

The rating derives its strength from the promoters' experience and expertise in the flour business, long relationship with clients resulting in repeat orders, moderate financial risk profile. However, the rating continues to be constrained due to moderate scale of operations, working capital intensive nature of operations, low profit margin and industry characterized by competition from players in the unorganized as well as organized sectors.

Going forward, the firm's ability to increase the scale of operations, improve profit margins, and efficiently manage its working capital cycle and control receivables and payable days remains the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

1. The promoter of the company has a combined experience of over 30 years in the food processing industry
2. The Total Debt / TNW is showing improvement with 2.08 for FY18.
3. The conversion cycle has seen a constant improvement over the period showing effective working capital management.

Credit Risks:

1. The company is having a moderate scale of operations with turnover of Rs.28.17 crs for the year FY18.
2. The manufacturing unit is located in Jammu district, which is highly politically sensitive zone.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Liquidity Profile

The firm has no liquid investments and cash balances in FY18 is Rs. 0.04crs. Conversion Cycle stands at 57 days in FY18 which is generally considered as moderate considering the nature of industry having higher receivable day. There is a LTB of 0.5cr which consists of unsecured loans and the company has not provided us with any cash flows for the same. The company has a DSCR of 1.25X & ISCR of 1.61X in FY18. Current ratio of the company stands at 1.39X in FY18. Liquidity profile of the company is moderate with nature of the business line being the underlying factor. Imbalance in the payables and receivables will change the profile outlook.

Subsidiary / Associate Concern : NIL

Rating Outlook: Stable

BWR believes the **Upkar Roller Flour Mills Pvt. Ltd.**'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit



show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

The company was incorporated in 1992 and their main line of business is producing, extracting, refining, storage and dealing in flours of all kind. The company has a manufacturing unit located in the Jammu district with a total manufacturing capacity of 120 MT/day. Mr Vikas Gupta and Mr Vishal Gupta are directors of the company.

Company Financial Performance

As per the Audited Financials of FY18 the company has reported a revenue of Rs.28.41 cr crs with a Net profit of Rs 0.16 crs vis-a-vis Rs 28.99 crs & Net profit of Rs. 0.13 crs in FY17.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	28.41	28.99
EBITDA	₹ Cr	0.69	0.69
PAT	₹ Cr	0.16	0.13
Intangible Net worth	₹ Cr	1.79	1.63
Total Debt/Tangible Net worth	Times	2.08	2.48
Current Ratio	Times	1.39	1.47

Rating History for the last three years

S.No	Facility	Current Rating(2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based	Long Term	5.00	BWR B (Pronounced as BWR Single B) (Outlook: Stable)	NA	NA	NA



	Total	5.00	₹ Five Crores Only
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Status of non-cooperation with previous CRA- NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.



About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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