

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 5.72 Crores of Chandradhara Rice Mill.

Particulars

Facility	Previous Amount (₹ Crs)	Present Amount Rated (₹ Crs)	Tenure	BWR Rating History (June, 2018)	Rating*
Fund Based Cash Credit Term Loan	5.00 0.92	5.00 0.72	Long Term	BWR B+ <i>(Pronounced as Single B Plus)</i> Outlook: Stable	BWR B+ <i>(Pronounced as Single B Plus)</i> Outlook: Stable
Total	5.92	5.72	INR Five Crores and Seventy Two Thousand Only		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Description of Key Rating Drivers

BWR has essentially relied upon audited financial statements upto FY18 and projections upto FY20 and information provided by the firm's management.

The rating draws strength from the long experience of the promoter in the rice mill industry. However, the rating is constrained by modest scale of operations, below average financial risk profile, working capital intensive nature of operations and capital withdrawal.

Credit Strengths:

- **Experience of the promoter in the business of rice milling:** Mrs Anitha R. is the proprietrix of the firm and is supported by her husband Mr. Ramesh V. B. Both of them have more than a decade of experience in the rice mill industry.
- **Increasing revenue:** The concern's total operating revenue has increased from Rs. 18.53 crores in FY17 to Rs. 29 crores in FY18.



Credit Risks:

- **Modest Scale of Operations:** The firm's scale of operations is modest as indicated by its revenue of Rs. 18.53 crores during FY17.
- **Below average financial risk profile:** Large bank borrowings on account of small accrual should keep financial risk profile below average over the medium term, interest coverage and total outside liabilities to tangible net worth were 1.87 times and 5.41 times respectively.
- **Constitution of the firm as proprietorship concern:** Chandradhara Rice Mill being a proprietorship concern, is exposed to inherent risk of the partner's capital being withdrawn at their time of personal contingency which will affect its capital structure. There has been withdrawal of funds from the capital account every year.

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).

Rating Outlook: *Stable/Positive/Negative*

BWR believes the **Chandradhara Rice Mill** 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

Chandradhara Rice Mill was established in the year 2003 as proprietorship concern. Mrs Anitha is the sole proprietor of the concern and is supported by her husband Mr. V.B Ramesh. Unit of the firm is situated at Tumkur, Karnataka. The installed capacity 4 ton per hour. Overall 40 workers are employed by the firm. The unit runs in two shifts.

Company Financial Performance

The firm has reported total operating income of Rs. 29.78 crores and PAT of Rs. 0.38 in FY18 as against total operating income of Rs. 18.53 crs and PAT of 0.23 crs in FY17. Tangible Networth stood at Rs. 1.25 crs as on March 31, 2018.



Rating History for the last three years

S.No	Instrument	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based	Long Term	5.72	BWR B+	BWR B+	Not Rated	
	Total		5.72	INR Five Crores and Seventy Two Thousand Only			

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type			
Operating Revenue	₹ Cr	29.78	18.53
EBITDA	₹ Cr	1.25	0.74
PAT	₹ Cr	0.38	0.23
Tangible Net worth	₹ Cr	1.25	0.75
Total Debt/Tangible Net worth	Times	5.41	7.85
Current Ratio	Times	1.25	1.14

Hyperlink/Reference to applicable Criteria

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



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For print and digital media

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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.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.