

Brickwork Ratings reaffirms ‘BWR B+/A4’ Ratings for Bank Loan facilities aggregating to ₹ 11.23 Crs of Daulat Rice and General Mill.

Particulars

Facility Rated	Previous Amount (Rs. Crs)	Current Amount (Rs. Crs)	Tenure	Previous Rating ^	Rating ^
CC	7.00	7.00	Long Term	BWR B+ (Outlook:Stable) (Pronounced BWR B Plus)	BWR B+ (Outlook:Stable) (Pronounced BWR B Plus) Reaffirmed
WCDL	-	3.00			
SLC	0.50	1.00			
TL	0.34	0.13			
BG	0.10	0.10	Short Term	BWR A4	BWR A4 Reaffirmed
LC	0.40	-			
Total	8.34	11.23	(INR Eleven Crores and Twenty Three Lakhs Only.)		

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

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of **Daulat Rice and General Mill** up to FY16 and information/clarifications provided by the Firm.

The ratings continue to positively factor the extensive industry experience of promoters, long track record of operations of the firm and marginal increase in profitability. The ratings remain constrained by the moderate scale of operations, low net worth, industry inherent low margins due to limited pricing power, working capital intensive nature of operations and the fragmented & intensely competitive nature of the industry.

Key Rating Drivers

Experience of Partners:

Mr. Pradeep Kumar (33.33%), Mr. Ashok Kumar (33.33%), Mr. Virendra Kumar (33.34%) are the partners of the firm having more than 30 years of experience.



Improvement in Net Profit Margin :

Net Profit Margin marginally improved from 0.32 percent in FY15 to 0.38 per cent in FY16.

High Leverage :

High leverage on account of unsecured loans from family and relatives.

Intensely competitive nature of the industry:

The firm operates in an industry characterized by high competition with the presence of a few established players and a large number of unorganized players in view of technological requirements. Intense competition has a negative impact on the margins of the rice mills.

Rating Outlook: Stable

BWR believes the **Daulat Rice and General 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

M/s Daulat Rice and General Mill is a partnership firm established in 1994 and is based in Bahjoi, Uttar Pradesh. The firm is engaged in the business of Rice milling of Basmati and Sona Masoori rice and has an installed capacity of 60 tonnes per hour. The main products are 1121 Parboiled Basmati Rice, 1121 Steam Basmati Rice, Pusa Basmati Rice, Parboiled Sharbati Rice, Steam Sharbati Rice, Parmal Parboiled Rice and Sona Masoori Rice. The products are sold under the brand name of 'D. R. Rice'. The firm employs over 20 employees and procures paddy from local farmers /weekly mandi which is located near Bahjoi.

Financial Performance

The firm has achieved a total operating income of Rs. 31.09 Crores in FY16 as against Rs 36.27 Crores in FY15. The PAT achieved by the firm stands at Rs. 0.12 Crores in FY16 as against a profit of Rs 0.12 Crores in FY15.



Parameters	FY 2015 (A) (Rs. In Crs)	FY 2016 (A) (Rs. In Crs)
Total operating income	36.27	31.09
OPBDIT	2.38	2.61
Profit after tax (PAT)	0.12	0.12
Tangible Net worth	5.42	6.11
Total Debt/ TNW	2.09	2.82

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument / Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs in Crs)	Rating	2017 (June)	2016	2015
1	Fund Based	Long Term	11.13	BWR B+ (Outlook: stable)	RNR	BWR B+ (Outlook: stable)	Nil
2	Non Fund Based	Short Term	0.10	BWR A4	RNR	BWR A4	Nil
Total		11.23 (INR Eleven Crores and Twenty Three Lakhs Only.)					

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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