

Rating Rationale

Global Dhall Industries

18th May 2017

Brickwork Ratings reaffirms the long term rating and withdraws the short term rating for the Bank Loan Facilities of Rs 11.21 Crores of M/s Global Dhall Industries.

Particulars

Facility	Previous Amount	Rating Amount	Tenure	Previous Rating (Feb 2016)	Rating*
Cash Credit	10.00	10.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) Outlook: Stable	BWR BB- (Pronounced BWR Double B Minus) Outlook: Stable Reaffirmed
Term Loan I	0.21	0.01			
Term Loan II	0.06	0.21			
Term Loan III	0.37	0.99			
Letter of Credit	0.01	-	Short Term	BWR A4 (Pronounced BWR A Four)	Rating Withdrawn
Total	10.65	Rs.11.21 (Rs. Eleven Crores and Twenty One Lakhs Only)			

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

Rating Reaffirmed

Brickwork Ratings (BWR) reaffirms the long term rating and withdraws the short term rating for the Bank Loan Facilities of Rs. 11.21 crores of Global Dhall Industries.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the firm for FY15, provisional financials for FY17, projected financials upto FY18, publicly available information and information/clarifications provided by the firm's management.

The rating has factored, *inter alia*, long standing experience of promoters in same line of activity, the locational advantage of the manufacturing unit, gradual increase in production and sales over last year. However, the ratings are constrained by thin profitability margins achieved previously, inherent risks of volatility in prices and intense competition from organized as well as unorganized players.

The rating outlook is expected to be stable over the next year. The ability of the firm to achieve the targeted revenue and and efficiently manage its working capital - would be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **M/s Global Dhall Industries** 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 Firm

Global Dhall Industries, a partnership firm, was established in 2007. The firm is engaged in trading and processing of various types of pulses like Urad dal, Toor dal, etc. Its processing unit is located at Gulbarga Industrial Area, Karnataka.

The firm procures raw material from suppliers located in Maharashtra, Karnataka, Andhra Pradesh & Tamil Nadu. The firm sells Dal under the brand names of Dove Sortexed Orid Dhall, Dove Premium Gold Sortexed Orid & Dove Sortexed Gundu Orid Dhall in various bag sizes of 1kg, 5kg, 25kg and 50kg. Products are sold in the states of Karnataka, Tamil Nadu, Kerala and Maharashtra.

The firm is having a total of 10 partners (previously 13 partners), of which four partners are actively involved in managing the day to day affairs in connection with the business of the firm. Mr. S Chandrashekhar, is the main promoter and looks after day to day operations of the firm. He has more than 30 years of experience in the same line of activity. Mr. C Venkatesh, Mr. C Hariharan, Mr. Manikprabhu V Raghoji are the other active partners.

As Per Partnership Deed dated April 1, 2016, Mr. Allamprabhu Khuba, Mrs. Ambica A Khuba and Mr. Sharan A Khuba have retired voluntarily on March 31, 2016.

Firm Financial Performance

The total operating income from operations were Rs. 62.38 Crores with PAT of Rs. 0.14 Crores in FY16 against revenue of Rs. 54.33 Crores with PAT of Rs. 0.25 Crores in FY15. The tangible net worth stood at Rs. 4.78 Crores as on March 31, 2016.

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Tenure	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	10.00	BWR	BWR	Nil	BWR
2	Term Loan		1.21	BB-	BB-/A4		B+/A4



Hyperlink/Reference to Applicable Criteria

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

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

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.