

Rating Rationale

M/s Guru Nanak Rice Mills

31 March 2017

Brickwork Ratings assign ratings for the Bank Loan Facilities of Guru Nanak Rice Mills.

Particulars

Facility Rated	Current Review Amount (Rs. Crs)	Tenure	Current rating
Fund Based Cash Credit	12.00	Long Term	BWR B (Pronounced as BWR Single B) Outlook : Stable
Total	Rs 12.00 Crores (Rupees Twelve Crores Only)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The assigned rating derives comfort from the experienced promoters in the rice industry, established relationship with customers and suppliers, besides it has location advantage (proximity to raw material i.e. paddy). However, the rating is constrained by small scale of operations, low net worth, high gearing, weak debt protection metrics, working capital intensive nature of industry and intense competition among peers could further bring down the net profit margins

Rating Outlook: Stable

BWR believes the *M/s Guru Nanak Rice Mills*' 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

Guru Nanak Rice Mills is a partnership firm, was set up in 1983 by Mr. Joginder Singh and family. Further, the partnership deed was revised in FY 2015 on account of death of one partner. The firm is engaged in milling of basmati paddy and produces raw and boiled rice. It has a plant at Fazilka (Punjab) which has a milling capacity of 4 tonnes per hour and 2 sortex machines with a capacity of 10 ton/hr.

Company Financial Performance

Turnover of the firm has increased from Rs 23.21 Cr in FY15 to Rs 25.32 Cr in FY16 and PAT is stagnant at Rs 0.08 Cr in FY16.

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1.	Cash Credit	Long Term	12.00	BWR B Outlook : Stable	NA	NA	NA
			Rs 12.00 Cr (Rupees Twelve Crores Only.)				

Status of non-cooperation with previous CRA - “ICRA has suspended the long term rating of [ICRA] B (pronounced ICRA B) assigned to the Rs. 12.00 crore fund based limits of M/s Guru Nanak Rice Mills on 19 Dec,2016 due to the non-cooperation from client to carry out a rating surveillance in the absence of the requisite information from the company”

Any other information - NIL

Hyperlink/Reference to applicable Criteria

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

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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