

Rating Rationale

Brickwork Ratings assigns “BWR BB-” for the Bank Loan facilities aggregating ₹9.50 Cr of Kalaiselvi Modern Rice Mill (KMRM)

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of ₹9.50 crores of **Kalaiselvi Modern Rice Mill. (KMRM or ‘the concern’)**:

Facility	Amount (₹ Cr)	Tenure	Rating
Fund Based			
Cash Credit – Rice Mill Plus	9.50	Long Term	BWR BB- (Pronounced BWR Double B Minus) Outlook: Stable
Total	9.50	(INR Nine Crores and Fifty Lakhs only)	

BWR has principally relied upon the audited financial results up to FY15 , provisional financials of FY16, projected financials of FY17 & FY18 of KMRM and publicly available information and information/clarifications provided by the concern.

The ratings reflect the extensive experience of the proprietor in the rice milling industry and consistent growth in revenue levels. The ratings are, however, constrained by KMRM’s modest scale of operations, low networth, exposure to agro climatic risks, highly fragmented and competitive nature of the industry with exposure to volatility in raw material prices.

Background:

Kalaiselvi Modern Rice Mill was established in the year 2008, as proprietorship entity at Villupuram. KMRM is engaged in milling of paddy and rice trading. It deals in single boiled non-basmati rice. The products are sold under different brand names viz; Sunflower and Kalaiselvi and in 25Kg and 75Kg bags.

The firm’s unit has an installed milling capacity of 5 tons per hour. The firm procures paddy from Tamilnadu, Andhrapradesh, Karnataka and after processing, sells rice to clients in Tamil nadu region (Salem, Vellore, Namkkal, Tirupathur, Vanyampadi, Kudhiyatham).

Management

Mr.A.Jayaraman, Proprietor of the concern has more than 2 decades of experience in the rice processing industry & has established good relationships with local farmers, dealers & customers.

Financial Performance

As per the provisional financials for FY16, KMRM has reported Net Sales of Rs.45.46 crs against Rs.38.46crs in FY15. The firm has reported a PAT of Rs.0.50 crs for FY16 against PAT of

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rs.0.16 crs in FY15. Tangible net worth as on March 31, 2016 was Rs.4.14 crs. Current ratio was 1.49 as on FY16.

Rating Outlook

Currently, the outlook remains stable. Going ahead, the ability of the concern to increase its scale of operations, manage raw material prices fluctuations, strengthen its capital structure , improve its financial risk profile and manage its working capital efficiently shall be the key rating sensitivities.

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