Rating Rationale

Brickwork Ratings assigns 'BWR B+' rating for the Bank Loan Facilities of ₹ 6.41 Crs of Vishwanath Foods Private Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**[1] for the Bank Loan facilities of ₹ 6.41 Crs of Vishwanath Foods Private Limited (VFPL).

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based			
Cash Credit*	**6.00**	**Long Term**	**BWR B+** *(Pronounced BWR B Plus)* **(Outlook: Stable)**
SME Credit Plus	**0.25**		
Term Loan	**0.16**		
Total	**6.41**	**INR Six Crores and Forty One Lakhs only**	

**CC facility is at two branches, Lucknow with limit of 5.25 Crs and Bahraich with limit of 0.75 Crs.*

BWR has principally relied upon the audited financial results of FY12 to FY14, and projections of FY15, publicly available information and information/clarifications provided by the management.

The rating reflect the promoter's extensive experience in the agro-commodity processing industry, substantial increase in total revenue from operations in FY14, reasonable debt indicators in FY14 and expected substantial growth in revenues in FY15 as reflected by estimated sales achieved of ~ Rs. 46 Crs till Mid-February, 2015.
However, the rating is constrained by the company's modest scale of operations in the intensely competitive agro-commodity processing industry, consistently low PAT margin which has further declined in FY14, modest net worth in FY14 and volatility in raw material prices.

Background

Vishwanath Foods Private Limited (VFPL), incorporated in the year 2008 is engaged in the processing of Rice and Pulses. The company is promoted by Mr. Gauri Shankar Bhaniramka, Naveen Bhaniramka and their family and has manufacturing facility located in Bahraich, Uttar Pradesh.

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

The main products are Rice, Pulses and by products like Paddy husk and Rice Bran. The raw materials, Paddy and Pulses, are procured through brokers which in-turn procure it directly from farmers, mandi etc. Major customers are from Uttar Pradesh, West Bengal, Tripura and Gujarat. Finished products are also sold through brokers. The revenue from each Rice and Pulses products accounts for ~50%.

Vishwanath Dal & Oil Mill, an associate concern was merged into VFPL on 1st April, 2014. The assets and liabilities were taken over which will reflect in financials of FY15.

Management Profile:
Mr. Gauri Shankar Bhaniramka, is the Director and looks after Finance & Operations related work. Mr. Naveen Bhaniramka is the another Director and looks after the sales and production.

Financial Performance:
VFPL reported total revenue from operations of ₹ 31.70 Crs in FY14 as against ₹ 18.70 Crs in FY13. Operating profit margin and Net profit margin of the company were at 3.03% and 0.35% respectively in FY14.

Rating Outlook:
The outlook is expected to be stable for the current year. Going forward, the company's ability to increase the scale of operations, strengthen capital structure, improve profitability would be the key rating sensitivities.

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