



Rating Rationale

Baba Bhuman Shah Ji Industries

27Sep2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 10.13 Crores of Baba Bhuman Shah Ji Industries.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jun, 2018)	Present
Fund based Cash Credit Term Loan	6.75 2.21	9.00 1.13	Long Term	BWR C+ (Pronounced as BWR Single C Plus) Issuer Non Cooperation	BWR B (Pronounced as BWR Single B Plus) (Outlook: Stable) Upgraded
Total	8.96	10.13	INR Ten Crores Thirteen Lakhs Only		

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

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of FY18, projected financial data upto FY20, publicly available information and the information/clarifications provided by the firm.

The rating draws strength from the experience of the partners, locational advantage and increased revenues. However rating is constrained by high gearing, low debt coverage ratio, reduced operating profit margin intense competition from other players in the market in rice industry. and inherent risk.

Going forward, the ability of the firm to enhance its scale operations with increased revenues, profit and profitability margins, prompt servicing of the debt obligations, to infuse own funds and manage working capital efficiently would be the key rating sensitivity.

Description of Key Rating Drivers

Credit Strengths:



Experience of the partners is around 4.5 years, Revenue is increased by 18.29 % in FY18 from ₹33.56 Crs in FY17 to ₹39.70Crs in FY18. located in Ladhuka, Fazilka (Punjab).which is paddy growing area

Credit Risks:

The gearing is at 5.15 times in FY18. Interest coverage indicator is at 1.23 times and debt coverage ratio is 0.70 times respectively in FY 18. Operating profit margin is reduced from 7.63%in FY17 to 6.66% in FY18. Inherent risk being constitution of the firm as partnership.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Baba Bhuman Shah Ji 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

Baba Bhuman Rice Ji Industries was established in February , 2014 as a partnership firm located at Fazilka Dist. of Punjab. The firm is into processing of Paddy into rice. The main products of the firm are Parboiled Rice and steam rice with varied qualities. The manufacturing process is completely automatic with rice huller, rice polisher and sortex machine. The partners of the firm are Mr sunil Kumar, Mr Rakesh Kumar, Mr Harish Kumar, smt Anita Rani, Mr Ram Kishan and Mr Rakesh Kumar. The promoters has vast experience in rice sheller industries and they are working the field since 15 years having experience if rice milling, brokerage, purchase, trading of rice paddy etc.

Financial Performance of the Firm

The firm reported a total operating income of ₹ 39.70 Crs in FY18 and ₹ 33.56 Crs in FY17. Net profit margin was at 0.39% in FY18 and 0.39% in FY17. Tangible Net Worth stood at ₹ 4.53 Crs as on 31st March 2018 FY 18 and ₹3.97 Crs as on 31st March, 2017.

Rating History for the last three years



S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	21.6.2018	22.3.2017	2016
1.	Fund Based	Long Term	10.13	BWR B (Pronounced as BWR Single B) (Outlook: Stable)	BWR C+ (Pronounced as BWR Single C Plus) (Issuer did not cooperate)	BWR B- (Pronounced as BWR Single B Minus) (Outlook: Stable) (Issuer did not cooperate)	Not Rated
Total			10.13	₹ Ten Crores Thirteen Lakhs Only			

Initial rating was done on 13.11.2015 and a rating of BWR B was assigned with stable outlook

Status of non-cooperation with previous CRA - Not to our knowledge

Any other information: NA

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type			
Operating Revenue	₹ Crs	39.70	33.56
EBITDA	₹ Crs	2.64	2.56
PAT	₹ Crs	0.16	0.13
Tangible Net worth	₹ Crs	4.53	3.97
Total Debt/Tangible Net worth	Times	5.15	5.18
Current Ratio	Times	1.91	2.01

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)



- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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