

Brickwork assigns rating to GRM Overseas credit facilities; Stock hits 52-week high

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Brickwork Ratings assigns the long term ratings and upgrades the short term ratings for the Bank Loan Facilities of Rs170cr of GRM Overseas Ltd

BWR has assigned the long term rating and upgraded the short term rating to BWR BBB+/Stable and BWR A2 respectively for the bank loan facilities of GRM Overseas owing to the sustained improvement in the company's scale of operations, profitability over the years and improvement in the credit profile over the years, along with BWR's expectations that the same will be sustained in the near term due to the essential nature of industry.

The ratings continue to take into account the steady growth in profitability margins over the years.

The rating continues to benefit on account of its established operational track record and long experience of the promoters in the basmati rice industry; wide distribution network and its established relationships with domestic and export clients.

However, the ratings remain constrained by the competitive and fragmented nature of the industry which limits the pricing flexibility of the industry participants, agro climatic risks, changes in government regulations and trade policies, both in the domestic as well as importing countries, and customer concentration risk.

The rating outlook continues to be Stable on account of estimated revenues of Rs250cr till July 2021 and sufficient order book for the coming months which shows revenue visibility in near term in spite of slowdown in global economy due to Covid-19 pandemic industry.

The rating outlook is also Stable on account of a sound demand outlook for the rice industry for both the short and medium term due to its essential nature and is hence, not impacted much by the Covid-19 pandemic.

On Friday, the stocks hit new 52-week high at Rs979.40 per piece during early trading hours on Dalal Street.

GRM Overseas was trading at Rs970 apiece up by Rs37.2 or 3.99% on Sensex, at around 10:22 AM.