



Press Release

A.V. Overseas March 07, 2025

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	32.52* (reduced from 33.38)	IVR BB/ Stable (IVR Double B with Stable outlook)	IVR BB/ Stable (IVR Double B with Stable outlook)	Rating reaffirmed	Simple
Total	32.52 (INR thirty-two crore fifty-two lakh only)				

**The GECL facility rated in the previous year amounting Rs. 0.45 crore have been withdrawn based on No Due Certificate from Punjab and Sind Bank and at the request of the firm and is in line with Infomerics policy on withdrawal.*

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation of the long-term rating assigned to the bank facilities of A.V. Overseas (AVO) continues to drive strength from extensive experience of the partners in the rice milling industry, locational advantage with proximity to key rice growing belt of the country, and favourable demand for rice and rice products. However, these rating strengths are constrained by the fact that the firm has modest scale of operations, moderate capital structure and debt coverage metrics, working capital intensive nature of operations, vulnerability to agroclimatic risks, regulatory changes and intense competition in the rice milling industry, and partnership nature of constitution.

The long-term rating outlook remains Stable as the firm will continue to benefit from long track record of operations and the extensive experience of the partners.

Infomerics has also withdrawn the outstanding long-term rating of 'IVR BB/ Stable assigned to the GECL facility amounting Rs. 0.45 crore of AVO with immediate effect. The withdrawal has been taken on the basis of No Due Certificate received from Punjab and Sind Bank and at the request of the firm. The rating is withdrawn in accordance with Infomerics' policy on withdrawal. Link to the withdrawal policy is provided below.



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Key Rating Sensitivities:

Upward Factors

- Sustained improvement in revenues and profitability margins.
- Sustained improvement in the capital structure with improvement in debt coverage indicators
- Capital infusion by the partners

Downward Factors

- Any significant rise in rice procurement cost or significant decline in revenues and profitability impacting liquidity.
- Any substantial withdrawals impacting the capital structure and coverage metrics

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the partners in the rice milling industry

A.V. Overseas is promoted by the Punjab based Gupta family. The key partner have extensive experience of more than 31 years in the rice milling industry. Further, the Gupta family promoted firms, namely M/s Shiv Shakti Rice Industries and M/s Triveni Aggrotech, are present in a similar line of business, i.e. rice milling.

Locational advantage with proximity to key rice growing belt of the country

A.V. Overseas's paddy processing units are in Moga, Punjab which counts amongst the key rice growing regions of the country entailing location advantage with respect to the key raw material availability and logistics. Further, most of the customers of the firm also remain in the vicinity of the processing units.

Favourable demand for rice and rice products

Rice being a staple diet in the Asian region, its demand prospects remain favourable. India accounts for second largest rice producer and consumer in the world. Globally, given the spread of Indian diaspora also supports the demand for paddy and its products.

Key Rating Weaknesses



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Modest scale of operations

The scale though improved, continues to remain modest with the firm achieving a total operating income of Rs. 106.57 crore during FY24 (refers to the period 1st April 2023 to 31st March 2024) and Rs. 62.03 Cr during 9MFY25 (refers to the period 1st April 2024 to 30th September 2024). The increase in operating income is attributable to the increase in quantity of sales along with better sales price realisation.

Moderate capital structure and debt coverage metrics

A.V. Overseas's capital structure deteriorated on account of increase in working capital borrowings as on 31st March 2024. This resulted in deterioration of overall gearing ratio (considering unsecured loan of Rs. 4.04 crore as quasi equity) and stood at 4.21 times as on March 31, 2024, as compared to 4.03 times as on 31st March 2023. Interest coverage remained at 1.54 times during FY24 deteriorating from 1.64 times during FY23 (refers to the period 1st April 2022 to 31st March 2023) on account of the increase in interest expenses led by higher utilisation of working capital limits during FY24. Moreover, TD/EBIDTA deteriorated from 7.00 times in FY23 to 9.61 times in FY24.

Working capital intensive nature of operations

The firm's operations remain working capital intensive as reflected by operating cycle of 180 days driven mainly by year-end inventory with limited credit period from suppliers. As on 31st March 2024, the firm extended a credit period of 55 days to its customers while it availed a credit period of 21 days from its suppliers.

Vulnerability to agroclimatic risks, regulatory changes and intense competition in the rice milling industry

Paddy being an agricultural commodity, its production remains susceptible to agroclimatic risks. Thus, any climatic variations impacting supply is likely to have a bearing on its pricing. Government intervention through changes in minimum support price and export regulations may also exhibit an impact on the paddy price movement, ability to pass on the same to the customers remains critical as far as the profitability of rice millers like A.V. Overseas is concerned. Rice milling being a fragmented industry remains marked by presence of mainly



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unorganised players. Further, commoditised nature of the product dealt also limits the bargaining power of the rice millers.

Partnership nature of constitution

Given the firm's constitution as a partnership firm, it is exposed to discrete risks including that of capital withdrawal by the partners.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on withdrawal of ratings](#)

Liquidity – Adequate

The firm has a comfortable current ratio of 1.12x during FY24 and this ratio is remaining around 1.35x in FY25-27. It has earned gross cash accruals of INR 2.91 crore during FY24. Moreover, the GCA for the projected period (Rs. 2.94 - 3.77 crore) comfortably covers the debt repayment obligations (Rs. 0.84 crore yearly) of that particular period. Reliance on fund based working capital limits has been satisfactory at around 52.00% for the 12 months ended January 2025.

About the firm

A.V. Overseas is a partnership firm incorporated in December 2017 in the Moga district of Punjab, however the firm's operations commenced in Nov 2018. The firm is engaged in milling and processing of rice and has installed a rice shelling machine of 15 TPH in its unit located in Jalal Singh wala village, Dharamkot, Moga.

The paddy is procured from local commission agents and wholesalers on credit basis with credit period varying between 7 to 15 days. Mr. Avinash Kumar Gupta and Mr. Vikas Gupta are equal profit-sharing partners in the firm and have extensive experience. Mr Avinash Kumar



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Gupta has an industry experience of around two decades by virtue of his being the partner in M/s Shiv Shakti Rice Industries (established in 2001) while Mr Vikas Gupta has a decade long experience through his previous association as partner with M/s Triveni Agrotech (established in 2011).

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	102.29	106.57
EBITDA	5.09	6.38
PAT	1.71	2.10
Total Debt	35.62	61.31
Adjusted Tangible Net Worth	8.83	14.56
EBITDA Margin (%)	4.97	5.99
PAT Margin (%)	1.67	1.96
Adjusted Overall Gearing Ratio (x)	4.03	4.21
Interest Coverage (x)	1.64	1.54

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

Brickwork ratings has continued the ratings in the Issuer Not Cooperating category vide its press release dated 6th June 2024 due to non-submission of information by the client.

CARE ratings has continued the ratings in the Issuer Not Cooperating category vide its press release dated 21st November 2024 due to non-submission of information by the client.

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					27-Dec-2023	21-Jul-2023	16-Jun-2022	05-Apr-2021
1.	Term Loan	Long Term	0.13	IVR BB/Stable	IVR BB/Stable	IVR B+/Negative ISSUER NOT COOPERATING*	IVR BB-ISSUER NOT COOPERATING*	IVR BB/Stable
2.	Car Loan	Long Term	0.17	IVR BB/Stable	-	-	-	-
3.	Cash Credit	Long Term	31.00	IVR BB/Stable	IVR BB/Stable	IVR B+/Negative ISSUER NOT COOPERATING*	IVR BB-ISSUER NOT COOPERATING*	IVR BB/Stable
4.	GECL	Long Term	1.22	IVR BB/Stable	IVR BB/Stable	IVR B+/Negative ISSUER NOT COOPERATING*	IVR BB-ISSUER NOT COOPERATING*	IVR BB/Stable
5.	Bank Guarantee	-	-	-	Withdrawn	IVR A4 ISSUER NOT COOPERATING*	IVR A4 ISSUER NOT COOPERATING*	IVR A4

**Issuer did not cooperate; based on best available information*



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Analytical Contacts:

Name: Sandeep Khaitan

Tel: (033) 4803 3621

Email: sandeep.khaitan@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Dec 25	0.13	IVR BB/ Stable
Car Loan	-	-	-	Jun 26	0.17	IVR BB/ Stable
GECL 1	-	-	-	Jan 27	1.22	IVR BB/ Stable
GECL 2	-	-	-	-	-	Withdrawn
Cash Credit	-	-	-	-	31.00	IVR BB/ Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-AV-Overseas-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.