

Rating Rationale

Agri Base Commodities

13th Feb 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Agri Base Commodities

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
<u>Fund Based</u>			
SODH	12.00	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable
SODH_Proposed	4.00		
*Term Loan	1.32		
EPCL(Sub limit of SODH)	(10.00)	Short Term	BWR A4 (Pronounced as BWR A Four)
FDB (Sub limit of SODH)	(6.00)		
Total	Rs. 17.32 Crores (Rupees Seventeen Crores and Thirty Two Lakhs Only)		

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

* *Outstanding amount of term loan*

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the firm up to FY16, Projections for FY17 and publicly available information and information /clarifications provided by the management. The rating has factored, inter alia, the experience of the promoters in cashew processing business and year on year revenue growth. However, the ratings are constrained by the firm's moderate scale and working capital intensive nature of operations, low net worth and competition in cashew processing and trading industry. Going forward, the ability of the firm to sustain its revenues in a competitive environment, to improve profitability amid fluctuation in raw cashew nut prices in the international and domestic market and net worth would be key rating sensitivities.

Rating Outlook: Stable

BWR believes the Agri Base Commodities 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

Agri Base Commodities is a partnership concern started in 1997 at Mangalore, Karnataka. The firm is engaged in cashew processing business. Mr. S. Umesh Kamath and Mrs. S. Latha S. Kamath are the partners of the firm. Mr. S. Umesh Kamath is the managing partner with more than 20 years experience in the cashew processing business.

Financial Performance

As per audited financial statement of FY16, the firm has reported net sales of Rs. 34.53 crs and net profit of Rs. 0.88 crs against net sales of Rs. 22.33 crs and net sales of Rs. 0.42 crs in FY15

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
	SODH	Long Term	12.00	BWR BB (Pronounced as BWR Double B) Outlook: Stable	-	-	-
	SODH_Proposed		4.00		-	-	-
	Term Loan		1.32		-	-	-
	EPCL(Sub limit of SODH)	Short Term	(10.00)	BWR A4 (Pronounced as BWR A Four)	-	-	-
	FDB (Sub limit of SODH)	Short Term	(6.00)	BWR A4 (Pronounced as BWR A Four)	-	-	-

Status of non-cooperation with previous CRA (if applicable): NA

Hyperlink/Reference	to	Applicable	Criteria
<ul style="list-style-type: none"> General Criteria Approach to Financial Ratios Manufacturing Companies 		<ul style="list-style-type: none"> 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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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