

Rating Rationale

Brickwork ratings Reaffirms rating at 'BWR B+' & 'BWR A4' for the Bank Loan Facilities aggregating ₹12.22 Cr of Aishwarya Trading Company.

Brickwork Ratings has reviewed **Ratings¹** for Bank Loan facilities of Aishwarya Trading Company.

Facility	Previous Limits (₹ Cr)	Present Limit (₹ Cr)	Tenure	Previous Rating (December 2014)	Present Rating
<u>Fund Based</u> Secured Over Draft	6.00	10.00	Long Term	BWR B+ (Pronounced BWR B)	Reaffirmed at BWR B+ (Pronounced BWR B plus)
Term Loan	0.52	0.25		(Outlook: Stable)	(Outlook: Stable)
<u>Non-Fund Based</u> BG	0.07	0.04	Short Term	BWR A4 (BWR A Four)	Reaffirmed at BWR A4 (BWR A Four)
FLC	2.00	1.93			
Total	8.59	12.22	INR Twelve Crores and Twenty Two Lakhs only		

BWR has principally relied upon the audited financials of up to FY15 and publicly available information and information/clarifications provided by the firm's management.

The rating factors, inter alia, experience of promoters in the rice processing industry, established operations of the firm, locational advantage. However, the rating is constrained by small scale of operations, high gearing, low profit margins, increased inventory levels and the rice milling sector being a fragmented market with high competition and subject to regulatory risk.

Background:

ATC is a partnership firm established in the year 1981. The firm is involved in the business of rice milling. Mr. Vithal Reddy and his spouse, Ms. Rathna Reddy are the partners of the firm. The firm does custom milling for the Telangana State Civil Supplies Corporation Ltd (TSCSC) and also for the other customers by procuring paddy.

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

Financial Performance:

The net sales from operations has decreased to ₹23.92 crores in FY15 from ₹25.24 crores in FY14. The operating profit has marginally increased to ₹1.08 crores in FY15 against ₹1.00 crores in FY14. The net profit has increased to ₹0.10 crores in FY15 against ₹0.06 crores in FY14. Partner's capital of the firm stood at ₹3.06 crores as on March 31, 2015.

Rating Outlook:

The outlook is expected to be stable over the current year. Going forward the ability of the firm to improve the revenues and profitability, efficient working capital management and strengthening its capital structure shall be the key rating sensitivities.

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