

Rating Rationale

Ambal Modern Rice Mill

28 March 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.16.50 Cr of Ambal Modern Rice Mill

Particulars

Facility	Amount (₹ Cr)	Tenure	Rating
Fund Based			BWR BB- (Pronounced BWR Double B Minus)
Cash Credit	15.00	Long Term	Outlook: Stable
SME Gold Credit	1.50		
Total	16.50		(INR Sixteen Crores and Fifty Lakhs Only)

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results up to FY16 and Projected Financials up to FY 17, FY 18 & FY 19 of Ambal Modern Rice Mill, publicly available information and information provided by the management.

The rating inter alia, factors proprietor extensive experience in rice milling and substantial increase in operating margins. However, the rating is constrained by firm's exposure to intense competition in milling business, modest scale of operation and proprietor constitution risk.

Increase in profitability and its adaptability to overcome any adverse effects with the industry in a competitive environment shall remain as the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Ambal Modern Rice Mill** 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 Company

Ambal Modern Rice Mill, a proprietorship concern started in the year 2000 engaged in processes paddy into rice, rice bran, broken rice, and husk. Mrs. M Wahida is the proprietor of the concern.

The concern has a capacity of processing 100 tonnes of rice per day. They procure paddy from various parts of south India like Andhra, Thanjavur and Kanchipuram etc. They Supply rice to Ooty, Coimbatore, Sathyamangalam and Karnataka

Company Financial Performance

Total Operating Income is increased to ₹72.09 Cr in FY15 and ₹84.68 Cr in FY16. Net profit of the firm is increased to ₹0.18 Cr in FY15 and ₹0.20 Cr in FY16. The firm net worth stood at ₹6.68 Cr in FY16.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Rating History					
		Type (Long Term/Short Term)	Amount (Rs Crs) Present	Rating	2016	2015	2014
1.	Cash Credit	Long Term	15.00	BWR BB-	NA	NA	NA
2.	SME Gold Credit		1.50				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)

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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.

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