

## Rating Rationale

**Brickwork Ratings assigns ‘BWR B+’ & ‘BWR A4’ for the Bank Loan Facilities aggregating to ₹ 6.50 Cr of Amrutha Coffee Pvt. Ltd.**

Brickwork Ratings has assigned following **Ratings<sup>1</sup>** for the bank loan facilities of Amrutha Coffee Pvt. Ltd.

Facility	Limit (₹ Cr)	Tenure	Rating
<b>Fund Based Cash credit</b>	<b>5.00</b>	<b>Long Term</b>	<b>BWR B+</b> (Pronounced as BWR B Plus) <b>Outlook: Stable</b>
<b>Non-Fund Based Letter Of Credit</b>	<b>1.50</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced as BWR A Four)
<b>Total</b>	<b>6.50</b>	<b>INR Six Crores and Fifty Lakhs only</b>	

BWR has essentially relied upon audited financial results up to FY14, projected financials for FY15 & FY16, publicly available information and information provided by the management.

The rating, inter alia, factors Promoters experience in the coffee processing and packing business, improved profit margins, efficient operating cycle, low leverage and strong coverage ratios due to low external borrowings. However, the rating is constrained by high customer concentration risk, seasonality of revenues low margins inherent to the commodity trading business and high competition in the sector.

### Background:

Amrutha Coffee Private Limited started in the year 1999 as a proprietorship firm by Mr. Ramasamy and reconstituted into a private limited company in the year 2012. The coffee processing plant is located in Kushal Nagar, Karnataka. Mr. Ramasamy, Mr. R. Sundaram and Mr. Kannan are the directors of the company.

The company is into processing, cleaning, coloring, packing of coffee seeds and selling it to customers like ITC, Ruchi Soya Industries limited and others. It also provides information of fluctuating Coffee prices, distributes Gunny bags and cultivation advice to growers of seeds.

### Financials:

Amrutha Coffee Private Limited's net revenue from operations have improved from ₹ 46.13 Cr in FY13 to ₹129.80 Cr in FY14. In FY14, the Company reported a operating profit margin of 1.20%. The Company's net worth stood at ₹ 2.18 Crs as on FY14. In FY14, Long Term Debt:Equity ratio stood at 0.01 times.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Rating Outlook:

Amrutha Coffee Private Limited's performance over the next year is expected to be stable. Going forward, the Company's ability to increase its revenue, improve net worth, improve profit margins and manage its liquidity efficiently will be the key rating sensitivities.

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