Rating Rationale

Brickwork Ratings assigns the rating 'BWR B' to Bank Loan Facilities aggregating ₹4.68 Cr of Aravind Milk Foods Pvt Ltd.

Brickwork Ratings has assigned the following **Rating**[1] to the Bank Loan Facilities aggregating ₹4.68 crores of Aravind Milk Foods Pvt Ltd sanctioned by *State Bank Of India:-*

Facility	Limits (₹Cr)	Tenure	Rating
Cash Credit	4.50	Long Term	BWR B (Pronounced BWR Single B) (Outlook:stable)
Term Loan	0.18		
Total	4.68	INR Four Crores Sixty Eight Lakhs only	

BWR has principally relied upon the audited financial results up to FY15 and the publicly available information and information/clarifications provided by the company's management.

The rating, factors in the existence of the company, experience of the promoters, established brand in Tamil Nadu, moderate leverage in FY15 and the good scope of growth for the spice business. The ratings are however, constrained by low profitability margins ,declined revenue, small scale of operations and increased operating cycle making operations working capital intensive.

Background:
The company "Arvind Milk Foods Pvt Ltd" was incorporated in the year 2004.Its main office is situated in Karur,Tamil Nadu.It is mainly involved in the manufacture of ghee, masala products, pickles and trading in basmati rice. The company has got certifications from AGMARK and FSSAI for its food products. It has been marketing its products ghee under its brand "TODAYS" and masala products with"MAYA".It has got an associate concern "Maya Food Industries"which is into trading business of masala products. It has around 65 employees and for marketing activity has 28 of them. The respective 80% products are sold to customers in Tamil Nadu and the rest are exported to Gulf countries,Mexico,Singapore,Malaysia etc.

Management Profile:
The company is led by Mr.Elango who is science graduate with around 25 years of experience in the business and Ms.Tamilarasi holding an experience of 23 years in the same line of activity.

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

Financial Performance:
During FY15, the total revenue of the firm was ₹20.34 crores .The operating profit was 4.27% and net profit margin is 0.75% in FY15. The net worth is ₹2.26 Crores as at 31st March,2015.

Rating Outlook:
Going forward, the ability of the firm to improve profitability margins, scale of operations by expanding its customer base will remain the key rating sensitivities.

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