

Press Release

Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating to ₹ 6.06 Cr of Ambica Cashew Industries

Brickwork Ratings (BWR) has assigned the following Ratings¹ for Bank Loan Facilities of ₹ 6.06 Crores.

| Facility | Limits (₹Cr) | Tenure | Rating |
|--------------------------|---------------|--|-------------------------|
| Cash Credit (Fund Based) | 3.00 | Long Term | BWR B (Outlook: Stable) |
| LC (Non-Fund Based) | 3.00 | Short Term | BWR A4 (BWR A Four) |
| FC (Non-Fund Based) | 0.06 | | |
| Total | 6.06 | INR Six Crores and Six Lakhs only | |

BWR has essentially relied upon the audited financial results of Ambica Cashew Industries up to FY12, projections for FY13, FY14, and information and clarifications provided by the firm.

The rating factors, inter alia, the experience of proprietor and growth in revenue. However, the rating is constrained by low profitability margins, highly leveraged position and small scale of business operations of the firm.

Background:

Ambica cashew Industries is a proprietorship firm established in 2003, and is promoted by Smt. Pratti perantala ammadu. The firm is located in Tuni, Andhra Pradesh. The firm is primarily engaged in importing and exporting of cashew and cashew products.

Financial Performance:

The net revenue has increased from ₹ 9.29 Crores in FY11 to ₹ 20.18 Crores in FY12. The firm has achieved ₹ 23.00 crores of sales as per the provisional figures provided by the firm. The firm's reported operating profit margin of 6.78 per cent and net profit margin of 1.14 per cent for FY12. The firm is highly leveraged with debt equity of 4.84 times in FY12 times. The tangible net-worth was ₹ 0.73 crores for FY12 as on 31st March 2013.

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

Rating Outlook:

The rating reflects the position of the firm in the food processing segment of the industry it caters to. Going forward, ability of the firm to sustain the revenue growth achieved, improve the capital structure along with its profitability margins will be the key rating sensitivities.

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