

Rating Report

Brickwork Ratings Reaffirms “BWR B/A4” for Bank Loan Facilities of ₹ 5.80 Crores of Ambica Cashew Industries.

Brickwork Ratings (BWR) has reaffirmed the following **Ratings**¹ for the Bank Loan Facilities of ₹5.80 Crores of Ambica Cashew Industries (the ‘Firm’).

Facility	Previous Limit (₹Crs)	Present Limit (₹Crs)	Tenure	Present Rating	Rating History
Cash Credit (Fund based)	1.00	1.00	Long Term	BWR B (Pronounced BWR Single B)	BWR B (Pronounced BWR Single B) Outlook: Stable (Aug, 2014)
Demand Loan (Fund based)	2.00	2.00		BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four)
LC (Non-Fund based)	3.00	2.80	Short Term		
Total	6.00	5.80	(INR Five Crores and Eighty Lakhs Only)		

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

The rating continues to factor, inter alia, extensive experience of the proprietor, Long term customer relationship and ability to maintain its profitability. However, the rating is constrained by low scale of operations, low tangible Net worth, Forex Fluctuation as 50% of raw material is being imported and Limited domestic geographic reach catering to Odisha and Andhra Pradesh only. The rating is also constrained by uncertainty nature of the crop due to seasonality factor.

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. 80% of the raw material (Cashew) is imported from Singapore, South Africa, Ghana and another 20% is bought from the local farmers.

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

After procurement of raw nuts, the value addition is done under the process of steaming, cashew cutting, roasting, peeling, grading and packing. 20% of the produce is supplied to Nepal and remaining 80% is sold within the country in the states of Odisha and Andhra Pradesh.

Financial Performance:

The net revenue has increased substantially from ₹12.74 Crores in FY14 to ₹22.00 Crores in FY15. The firm reported operating profit margin of 7.20 per cent and net profit margin of 1.11 per cent for FY15. The firm is highly leveraged with debt equity of 3.23 times in FY15. The tangible net-worth stood at ₹1.69 Crores as on 31st March, 2015.

Rating Outlook:

The outlook of the firm for the next one year is expected to be stable. 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 achieve higher turnover, improve the capital structure along with its profitability margins will be the key rating sensitivities.

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Annexure I		
Ambica Cashew Industries		
Statement of Profit and Loss	In ₹ Crores	
	FY14 (Audited)	FY15 (Audited)
Gross Sales	12.74	22.00
Net Sales	12.74	22.00
Other Operating Income	0.03	0.00
Total Operating Income	12.77	22.00
Operating Expenses	11.73	20.42
OPBDIT	1.04	1.58
Depreciation/Amortization/Impairment	0.05	0.04
OPBIT	0.99	1.54
Interest and Finance Charges	0.89	1.37
OPBT	0.10	0.18
Non-Operating Income(Expenses)	0.09	0.07
PBT	0.19	0.24
PAT	0.19	0.24

Annexure II		
Ambica Cashew Industries		
Balance Sheet	In ₹ Crores	
	FY14 (Audited)	FY15 (Audited)
EQUITY AND RESERVES	1.53	1.69
Proprietor's Account	1.35	1.44
Reserves and Surplus	0.19	0.24
Non-current liabilities	0.12	0.30
Long-Term Borrowings	3.31	4.60
Current liabilities	5.13	6.91
Short-Term Borrowings	0.49	0.85
Trade Payables	1.36	1.52
Other Current Liabilities	0.01	0.01
Short-Term Provisions	0.08	0.24
Total Liabilities	6.78	8.91
ASSETS		
Non-current assets	0.36	0.30
Net Fixed assets	0.36	0.30
Current assets	6.42	8.61
Inventories	3.57	3.40
Trade Receivables < Six Months	2.24	5.02
Cash and Cash Equivalents	0.49	0.06
Other Current Assets	0.12	0.13
Total Assets	6.78	8.91

Annexure III			
Ambica Cashew Industries			
Key Ratios		FY14 (Audited)	FY15 (Audited)
Total Debt/ Tangible Net worth	Times	2.48	3.23
Interest Service Coverage Ratio	Times	1.17	1.16
Tangible Net Worth	₹ Crores	1.53	1.69
Net Profit Margin	Per cent	1.46	1.11
Net Cash Accruals/Total Debt	Times	0.06	0.05
Current Ratio	Times	3.31	3.28