

Rating Report

Brickwork Ratings Reaffirms 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 6 Cr of Ambica Cashews Industries

Brickwork Ratings (BWR) has reaffirmed the following **Ratings**¹ for the Bank Loan Facilities of ₹6 Cr of Ambica Cashews Industries (the 'Firm').

Facility	Previous Limit (₹ Cr)	Present Limit (₹ Cr)	Tenure	Rating	Rating History
Cash Credit (Fund based)	1.00	1.00	Long Term	Reaffirmed at BWR B (Pronounced BWR Single B) Outlook: Stable	BWR B (Pronounced BWR Single B) Outlook: Stable (June, 2013)
Cash Credit against warehouse (Fund based)	2.00	-			
Demand Loan against warehouse (Fund based)	-	2.00			
LC (Non-Fund based)	3.00	3.00	Short Term	Reaffirmed at BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four)
Total	6.00	6.00	(INR Six Crores only)		

BWR has principally relied upon the audited financial results up to FY13, provisional financials of FY14 of Ambica Cashew Industries, publicly available information and information/clarification provided by the Firm's management.

The rating continues to factor in, inter alia, the experience of proprietor, Long term customer relationship and able to maintain bottom line. However, the rating is constrained by low scale of operation, highly leveraged position and low tangible Networth 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.

Business Operations:

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% bought from the local farmers. After procurement of raw material, the value addition is to be done under the process of steaming, cashew cutting, roasting, peeling, grading and packing.

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

Financial Performance:

The net revenue has decreased from ₹ 20.18 Cr in FY12 to ₹ 19.28 Cr in FY13. The firm's reported operating profit margin of 5.13 percent and net profit margin of 1.11 per cent for FY13. The firm is highly leveraged with debt equity of 4.56 times in FY13 times. The tangible net-worth was ₹0.88 Cr for FY13.

As per provisional provided, the firm has achieved turnover of ₹12.74 Cr for FY14.

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.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

Annexure I		
Ambica Cashew Industries		
Statement of Profit and Loss Crores	In ₹	
	FY12 (Audited)	FY13 (Audited)
Net Sales	20.18	19.28
Total Operating Income	20.18	19.28
Operating Expenses	20.18	19.28
Operating Profit Before Depreciation, Interest and Taxes	18.81	18.29
Depreciation/Amortization/Impairment	1.37	0.99
Operating Profit Before Interest and Tax	0.06	0.06
Interest and Finance Charges	1.31	0.94
Operating Profit Before Tax	0.98	0.81
Non-Operating Income(Expenses)	0.32	0.13
Profit Before Tax	(0.12)	0.08
PAT	0.20	0.21

Annexure II		
Ambica Cashew Industries		
Balance Sheet	In ₹	
Crores	FY13 (Audited)	FY14 (Audited)
EQUITY AND LIABILITIES	0.73	0.88
Proprietor's account	0.73	0.88
Non-current liabilities	1.02	0.65
Long-Term Borrowings	1.02	0.65
Current liabilities	2.73	4.17
Short-Term Borrowings	2.50	3.36
Trade Payables	0.13	0.66
Other Current Liabilities	-	-
Short-Term Provisions	0.10	0.14
Total Liabilities	4.48	5.70
ASSETS		
Non-current assets	0.42	0.36
Net Fixed assets	0.42	0.36
Current assets	4.06	5.34
Current Investments	0.03	-
Inventories	3.08	3.44
Trade Receivables < Six Months	0.89	1.32
Cash and Cash Equivalents	0.06	0.56
Short-Term Loans and Advances	0.00	0.03
Other Current Assets	-	-
Total Assets	4.48	5.70

Annexure III			
Ambica Cashew Industries			
Key Ratios		FY13 (Audited)	FY14 (Audited)
Total Debt/ Tangible Net worth	Times	4.84	4.56
Interest Service Coverage Ratio	Times	1.39	1.23
Tangible Net Worth	₹ Crores	0.73	0.88
Net Profit Margin	Per cent	1.00%	1.11%
Net Cash Accruals/Total Debt	Times	0.07	0.07
Current Ratio	Times	1.49	1.28