

## Rating Report

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

Brickwork Ratings (BWR) has reaffirmed the following Ratings<sup>1</sup> for the Bank Loan Facilities of Rs 5.80 Crores of Ambica Cashew Industries (the ‘Firm’).

Facility	Previous Limit (₹Cr)	Present Limit (₹Cr)	Tenure	Present Rating	Rating History
Cash Credit (Fund based)	1.00	1.00	Long Term	BWR B (Pronounced BWR Single B) Outlook: Stable	BWR B (Pronounced BWR Single B) Outlook: Stable  (Nov, 2015)
Demand Loan (Fund based)	2.00	2.00			
LC (Non-Fund based)	2.80	2.80	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four)
<b>Total</b>	<b>5.80</b>	<b>5.80</b>	<b>(INR Five Crores and Eighty Lakhs Only)</b>		

BWR has principally relied upon the audited financial results up to FY16, 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, high gearing, Forex price risks, geographical concentration risk, crop seasonality risk and inherent risk being proprietorship 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. 50% of the raw material (Cashew) is imported from Singapore, South Africa, Ghana and another 50% is bought from the local farmers. After procurement of raw nuts, the value addition is done under the process of steaming, cashew cutting, roasting, peeling, grading and packing. 100% processed cashew is sold within the country in the states of Odisha and Andhra Pradesh.

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

## Financial Performance:

The net revenue has decreased marginally from Rs 22.00 Crores in FY15 to Rs 21.76 Crores in FY16. The firm reported operating profit margin of 7.80 per cent and net profit margin of 1.01 per cent for FY16. The firm is highly leveraged with debt equity of 3.21 times in FY16. The tangible net-worth stood at Rs 1.86 Crores as on 31<sup>st</sup> March, 2016.

## 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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<b>Annexure I</b>		
<b>Ambica Cashew Industries</b>		
<b>Statement of Profit and Loss</b>	<b>In ₹ Crores</b>	
	<b>FY15 (Audited)</b>	<b>FY16 (Audited)</b>
Gross Sales	22.00	21.76
Net Sales	22.00	21.76
Total Operating Income	22.00	21.76
Operating Expenses	20.42	20.06
OPBDIT	1.58	1.70
Depreciation/Amortization/Impairment	0.04	0.04
OPBIT	1.54	1.66
Interest and Finance Charges	1.37	1.45
OPBT	0.18	0.21
Non Operating Income(Expenses)	0.07	0.01
PBT	0.24	0.22
PAT	0.24	0.22

<b>Annexure II</b>		
<b>Ambica Cashew Industries</b>		
<b>Balance Sheet</b>	<b>In ₹ Crores</b>	
	<b>FY15 (Audited)</b>	<b>FY16 (Audited)</b>
<b>EQUITY AND RESERVES</b>	<b>1.69</b>	<b>1.86</b>
Share capital	1.44	1.64
Reserves and Surplus	0.24	0.22
<b>Non-current liabilities</b>	<b>5.15</b>	<b>5.82</b>
Long-Term Borrowings	5.15	5.82
<b>Current liabilities</b>	<b>2.07</b>	<b>0.70</b>
Short-Term Borrowings	0.30	0.15
Trade Payables	1.52	0.39
Other Current Liabilities	0.01	0.00
Short-Term Provisions	0.24	0.16
<b>Total Liabilities</b>	<b>8.91</b>	<b>8.38</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>0.30</b>	<b>0.30</b>
Net Fixed assets	0.30	0.30
<b>Current assets</b>	<b>8.61</b>	<b>8.08</b>
Inventories	3.40	4.72
Trade Receivables < Six Months	5.02	1.97
Cash and Cash Equivalents	0.06	0.31
Short-Term Loans and Advances	0.00	1.04
Other Current Assets	0.13	0.05
<b>Total Assets</b>	<b>8.91</b>	<b>8.38</b>