

January 29, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	19.85	SMERA BB-/Stable (Reaffirmed)
Term Loan	14.95	SMERA BB-/Stable (Reaffirmed)
Proposed Long Term Bank Facilities	0.20	SMERA BB-/Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA BB-**' (**read as SMERA double B minus**) on the abovementioned bank facilities of Ambe Agro Foods Limited (AAFL). The outlook is '**Stable**'. The rating remains constrained by project execution risk inherent in the company's upcoming flour mill. The rating is further constrained by the company's exposure to intense competition in the food processing industry. The rating notes that the company's financial profile is susceptible to commodity price volatility and agro-climatic risks. However, the rating draws comfort from the favourable location of the company's processing unit. The rating is supported by the company's experienced management. The rating also draws comfort from the group support available to the company.

Update

AAFL's project execution is delayed by eight months. The company now expects to complete the project by February 2015. AAFL's net worth stood at Rs.12.52 crore as on March 31, 2014, as compared with Rs5.66 crore a year earlier.

Outlook: Stable

SMERA believes AAFL will maintain a stable business risk profile over the medium term on the back of its experienced management. The company will continue to benefit from group support. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations while registering comfortable profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile on account of further delays in project execution.

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About the company

AAFL, incorporated in October 2012, is a Khekra-based company established to undertake the business of processing wheat into flour. AAFL is setting up a flour mill in Khekra (Uttar Pradesh), with installed processing capacity of 350 metric tonnes (MT) per day. The company is likely to commence commercial operations in February 2015.

About the group entities

Ambe Agro Industries Limited and Shree Ambe Foods Products Private Limited are engaged in production of whole wheat flour (atta), fine wheat flour (maida) and semolina (suji). The combined milling capacity of the two companies is ~450 MT per day.

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