

February 05, 2016

Facilities	Amount (Rs. Crore)	Ratings
Foreign Bill Discounting	12.00	SMERA B-/Stable (Assigned)
Secured Overdraft	2.40	SMERA B-/Stable (Assigned)
Bank Guarantee	0.50	SMERA A4 (Assigned)
Short Term Facility (Proposed)	0.10	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA B minus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of Anita Exports (AE). The outlook is '**Stable**'. The ratings are constrained by the company's below average financial profile marked by high gearing, weak debt protection metrics and working capital intensive nature of business. The ratings are also constrained by stressed liquidity position marked by almost 100 per cent utilization of working capital limit, agro climatic risk and volatility in tea prices. However, the ratings derive comfort from the experienced management and long track record of operations.

For the rating process, SMERA has consolidated the financial risk profiles of Ambo Export Industries Limited and Anita Exports together referred to as Ambo Group. The consolidation is in view of the common ownership and operational linkages within the group.

Outlook: Stable

SMERA expects AE to maintain a stable business risk profile in the medium term backed by an experienced management. The outlook in the medium term would be governed by the company's ability to ensure substantial improvement in margins and increase in scale of operations. The outlook may be revised to 'Positive' in case of improvement in revenue and working capital management leading to better financial flexibility. Conversely, the outlook may be revised to 'Negative' if AE's financial risk profile deteriorates further due to increasing working capital requirements or debt funded capex.

Rating Sensitivity Factors

- Scaling up of operations and improvement in profitability thus leading to increased accruals
- Improvement in capital structure

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About the Company

Established in 1992, AE, part of the Ambo Group is engaged in export of different types of tea to countries such as Russia, South Africa, and Pakistan among others. The overall operations of the company are managed by O M Prakash Agarwal, Director and the administrative office is at Kolkata.

For FY2014-15, AE reported profit after tax (PAT) of Rs.0.04 crore on total operating income of Rs.12.81crore, as compared with PAT of Rs.0.08 crore on total operating income of Rs.25.15 crore in FY2013-14.

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