

Press Release

Anita Exports

March 30, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	SMERA B- / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B-**' (read as **SMERA B minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 15.00 crore bank facilities of Anita Exports. The outlook is '**Stable**'.

Established in 1992, Anita Exports (AE), part of the Ambo Group is engaged in the export of tea to Russia, South Africa, Pakistan among others. The overall operations are managed by Mr. Om Prakash Agarwal.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters, Mr. Om Prakash Agarwal and others have more than three decades of experience in the export of tea and other products such as oil maize, rice.

Weaknesses

- **Working capital intensive operations**

The operations are working capital intensive marked by gross current asset days of ~ 633 in FY2016 as against 479 days in FY2015. This necessitates working capital requirements as major funds gets blocked in debtors. The debtor days stood high at 292 in FY2016 as against 228 in FY2015. The firm utilises 100 per cent of its working capital limit.

- **Weak financial risk profile**

AE's weak financial risk profile is marked by low net worth base of Rs 0.53 cr, high gearing of 21.90 times, low interest coverage ratio of 1.02 times as on 31st March'2016.

- **Volatility in the prices of tea**

The profit margins are exposed to fluctuations in the prices of tea.

- **Decline in sales and low net cash accruals**

The revenue of the firm declined to Rs 7.75 cr in FY2016 from Rs 25.15 cr in FY2014 resulting in low net cash accrual of Rs 0.03 cr in FY2016 as against Rs 0.08 cr in FY2014. Low net cash accruals are on account of high interest cost that the firm incurs against its debt obligation of Rs 11.61 cr in FY2016.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of Anita Exports.

Outlook: Stable

SMERA believes that Anita Exports will maintain a stable outlook over the medium term owing to the

promoters' vast experience in the industry. The outlook may be revised to 'Positive' if the group achieves more than envisaged sales and profitability while registering improvement in its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the financial risk profile further deteriorates and the firm is unable to achieve its expected revenue growth and profitability.

About the Rated Entity - Key Financials

For FY2016, AE reported profit after tax (PAT) of Rs. 0.02 cr on total operating income of Rs. 7.75 cr, as compared with PAT of Rs. 0.04 cr on total operating income of Rs.12.82 cr in FY2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
05-Feb-2016	Foreign Bill Discounting	Long Term	INR 12	SMERA B- / Stable
	Secured Overdraft	Long Term	INR 2.4	SMERA B- / Stable
	Bank Guarantee	Short Term	INR 0.5	SMERA A4
	Proposed Short Term Facility	Short Term	INR 0.1	SMERA A4

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	12.00	SMERA B- / Stable
Overdraft	Not Applicable	Not Applicable	Not Applicable	2.40	SMERA B- / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA A4
Proposed	Not Applicable	Not Applicable	Not Applicable	0.10	SMERA A4

Contacts

Analytical	Rating Desk
------------	-------------

Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in
Aniruddha Dhar Rating Analyst Tel: 033-66201212 aniruddha.dhar@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: *A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.*