



Rating Rationale

A M Exports

7Feb2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 17.70 Crores of A M Exports.

Particulars

Facility Rated	Amount (₹. Cr)		Tenure	Rating*		
	Previous	Present		Previous to previous (Jan, 2017)	Previous (Aug ,2018)	Present
Fund Based (FB)						
PC/PCFC	6.00	6.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	Rating Not Reviewed	BWR A4+ (Pronounced as BWR A Four Plus) (Reaffirmed)
Sublimit: PC-Clean		1.20				
FBP/UFBP/FCBP/FCBD cum PSDL(150 Days DA)	9.95	9.95				
Standby Limit (Under Gold Card)	1.75	1.75				
Total Limits	17.70	17.70	(INR Seventeen Crores and Seventy Lakhs Only)			

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Note: The outstanding balances of the above facility was provided by the Bank as on 27.12.2018 and latest balance is not made available

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up to FY18 and projected financials up to FY20, publicly available information and information/clarification provided by the firm.

The ratings, inter alia, factors partners' experience in diamond business, established firm having long standing relationship with customers and suppliers, increased revenues. satisfactory interest coverage indicator. However, the rating is constrained by small scale of operations, high gearing thin & stagnant operating profit margin low net worth, forex price risk and inherent risk.

7Feb2019



Going forward, the ability of the firm to improve its profit margins, net worth and overall financial risk profile will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

Mr. Mihir R Kothari has 2.3 decades of Experience , while Ashay M Kothari has 3 years of experience in the diamond business The firm was established in the year 1993, i.e. running since 25 years which has s given the firm a long relation Of 15 & 20 years with some customers and suppliers The firm operates through various places by outsourcing some portion of work on a contract basis which makes them easily available lsbour , interest coverage indicator is at 2.07x in FY 18

Credit Risks:

The firm has small scale of operations.with an average total operating income of Rs 55 Crs in the last 3 FYs , gearing with outside liability is at 3.67 in FY 18 , operating profit margin remained at 2.67 x both in FY17&y18 although the revenue growth was visible ,net worth of the firm is Rs 7.18 Crs in FY18 Foreign currency price risk, Working Capital intensive nature of business. Susceptibility of profitability to the rough diamond price fluctuations in the global markets.Highly competitive industry with low margins. Inherent risk is related to the constitution of the firm being partnership.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **A M Exports** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

A M Exports is a partnership firm managed by Mr. Mihir R. Kothari and Mr. Ashay Kothari. The firm was established in the year 1993 and engaged in trading and manufacturing of small diamonds. The firm outsources cutting and polishing of diamonds to contractors in Surat, Ahmedabad, Palanpur, Bhavnagar and Amreli. The firm imports rough diamonds from Belgium and Dubai and exports polished diamonds to various countries like U.S.A, Dubai, Belgium, Thailand and Hong Kong.

Firm's Financial Performance

A M Exports reported net sales of Rs. 68.12 Crs with a PAT of Rs. 0.69 Crs in FY18 as against net sales of Rs.43.38 Crs with a PAT of Rs. 0.41 Crs in FY17. As on FY18, the net worth stood at Rs. 7.18 Crs.

Rating History for the last three years

Si No	Facility	Current Rating (2019)			7.8.2018	25.1.2017	2016
		Type	Amount (₹ Crs)	Rating			
1	Fund Based	Short Term	17.70	BWR A4+ (Pronounced as BWR A Four Plus) (Reaffirmed)	Rating Not Reviewed	BWR A4+ (Pronounced as BWR A Four Plus)	Not Rated
	Total Limits		17.70	(INR Seventeen Crores and Seventy Lakhs Only)			

On 5.11.2012 initial rating was done and assigned rating of BWR A4+ and on 14.3.2014 & 1.9.2015 the rating was reaffirmed as BWR A4+

Status of non-cooperation with previous CRA- Not to our Knowledge :Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		Audited	Audited
Revenue	Rs. Crs	43.38	68.12
EBITDA	Rs. Crs	1.21	1.85
PAT	Rs. Crs	0.41	0.69
Tangible Net worth	Rs. Crs	5.74	7.18
Total Debt/Tangible Net worth	Times	1.60	1.95
Current Ratio	Times	1.60	1.35

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Senior Director-Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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.