

## Rating Rationale

### Brickwork Ratings Reaffirms ‘BWR A4+’ rating to the ₹ 17.70 Cr short term Bank Loan Facilities of A.M. Exports.

Brickwork Ratings (BWR) has assigned on an *Annual Review* the following **Rating<sup>1</sup>** for the Bank Loan Facilities sanctioned by Bank of Baroda to A M Exports (The Firm).

Facility	Tenure	Amount (₹ Cr)	Rating
<u>Fund Based</u> PC/PCFC	<b>Short Term</b>	<b>6.00</b>	<b>BWR A4+</b> (Pronounced BWR A Four Plus)
<u>Fund Based</u> FBP/FCBD/PSDL		<b>9.95</b>	
<u>Non Fund Based</u> <b>Stand By Limit under Gold Card</b>		<b>1.75</b>	
<b>Total</b>		<b>17.70 (INR Seventeen Crores Seventy Lakhs Only)</b>	

BWR has principally relied upon the audited financial statements up to FY14, Audited FY 15 and Projections of FY16 -17 publicly available information and information / clarifications provided by the management.

The rating, inter alia, factors experience of the partners’ in the Diamonds business, geographical diversification of operations resulting in better labour accessibility and investments in machineries.

However, the rating is constrained by the firm’s modest scale of operations, moderate financial profile marked by small net worth, high gearing and low profitability margins.

## Background

A M Exports is a partnership firm managed by Mr. Mihir R Kothari, and Aashay Kothari. The firm was established in the year 1993 and is engaged in trading and manufacturing of small diamonds. The firm’s main unit is located in Ahmedabad where most of the cutting and polishing of stones are done, along with one another factory unit in Palanpur. Additionally the firm also outsources a portion of its work to the contractors in Surat, Bhavangar, Dhari and Amreli. The firm imports rough diamonds from Belgium and Dubai and exports polished diamonds to various countries like U.S.A, Belgium, Dubai, Thailand and Hong Kong.

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

### Management Profile:

The key management of the firm is Mr. Mihir Kothari, and Mr. Aashay Kothari.

Mr. Mihir Kothari, Partner is a Graduate and have an experience in the field of more than Three decades in this field. He handles day to day activities of operation along with procurements and supply of material.

Mr. Aashay, Partner is Graduate and assisting Mr. Mihir Kothari in day to day operations.

### Financial Performance:

Net Revenues grew by 14.26 % in FY 15 compared to Compared to 6.08 % in FY 14. However operating expenses increased by 18.96 % in FY 15. Net Profit Margins increased by 6.12 % in FY 15 compared to 58.06 % increase in FY 14. PAT Increased by 20.83% in FY 15 compared to 71.42% in FY 14. Tangible Net worth Increased by 19.81% in FY 15. The firm has working capital facilities from Bank of Baroda. The overall limits amounts to ₹17.70 Crores.

### Rating Outlook:

The outlook of the company is expected to be stable for the current year. Going forward, improvement in the capital, effective management of its working capital, Improvement in profit margins and movement of revenue would be key rating sensitivities.

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