

Press Release

Brickwork Ratings assigns ‘BWR A4+’ rating to the ₹ 17.70 Crore (INR Seventeen Crore and Seventy Lakhs only) short-term Bank Loan Facilities of A.M. Exports

BLR Issue Rating: BWR A4+

Brickwork Ratings (BWR) has assigned the rating of ‘BWR A4+’ (pronounced BWR A four plus) to the Rs 17.70 crore short term bank loan facilities of A. M. Exports. The rating “BWR A4+” stands for a credit facility that is considered to have minimal degree of safety regarding timely payment of financial obligations. Such credit facilities carry very high credit risk and are susceptible to default.

Facility	Limits (₹ Crore)	Tenure	Rating
Packing Credit/PCFC	3.00	Short Term	BWR A4+ Credit facilities with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations. Such credit facilities carry very high credit risk and are susceptible to default.
FBP/UFBP/ FCBP/FCBD/ PSDL	5.75		
Stand by export limit under Baroda Gold Card	1.75		
Untied – under process	7.20		
Total	17.70	INR Seventeen Crore and Seventy Lakhs only	

The rating, inter alia, factors experience of the partners’ in the jewellery business, geographical diversification of operations resulting in better labour accessibility and favourable regulatory environment.

However, the rating is constrained by the firm’s small scale of operations, weak financial profile marked by small net worth, high gearing and low profitability margins, un-hedged

exposure to price volatility risk partially counteracted by price negotiation and marginal gross cash accruals.

A.M. Exports, established in 1993 is a partnership firm managed by Mr. Mihir R Kothari and Ms. Suhasini R Kothari. The firm engages in trading and manufacturing of small diamonds. The firm's main unit is located in Ahmedabad but it also outsources a portion of its work to the contractors in Surat, Bhavangar, Udupi and Amreli. Although the firm is jointly managed by both the partners, the major portion of the business is handled by Mr. Mihir Kothari.

The firm in FY 12 earned operating profit margin of 3.65% in and PAT margin of 1.02% with a revenue growth 18.43%. ISCR in FY 12 was comfortable.

The balance sheet in FY 12 expanded by 12.55% predominantly owing to the accumulated profit reserves (30.90% of the profits were retained). Reduced borrowings marginally enhanced the capital structure of the firm (gearing at 1.99 times in FY 12). Liquidity profile of the company remained marginal with a current ratio of 2.94 times in FY 12 and a working capital cycle of 162 days.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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.