

Rating Rationale

Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 8 Cr of Abhinandan Exports Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for Bank Loan facilities by Punjab National Bank to Abhinandan Exports Limited ('AEL' or 'the company').

Facilities	Limits(₹ Cr)	Tenure	Ratings
Cash Credit (Existing)	0.50	Long Term Fund Based	BWR B (Pronounced BWR Single B) Outlook - Stable
Usance FLC (Existing)	7.50	Short Term Non-Fund Based	BWR A4 (Pronounced BWR A Four)
Total	8.00	INR Eight Crores only	

BWR has principally relied upon the audited financial results up to FY13, provisionals of FY14 & projections of FY15, publicly available information and information/clarification provided by the management.

The ratings inter alia, reflect the experience of the promoters, long standing relations with the customers and the business model wherein purchases happen on LC (Usance) basis, requiring low working capital facilities However the rating is constrained by low scale of operations, low Net Worth, low profitability due to high competition and high customer concentration.

Background:

Abhinandan Exports Limited (AEL) was incorporated in 1983 by Mr. Rajesh Kumar Goenka. Currently, the share-holding is within his family members. Company's registered office is located in Delhi. Company has two marketing/warehouse facilities located in Dist. Alwar Rajasthan and Maligaon Guwahati, Assam. Company trades in Acrylic Fibre and since last 4-5 years the company is importing Acrylic Fibre from Thailand and Egypt. Company also deals in Dyed yarn which contributed ~25% of turnover. Acrylic Fibre is imported to unit in Alwar while Dyed Yarn is imported to unit in Assam. Major customers of the company are Pragjyoti Syntex, Birla Textile and Orient Syntex.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management Profile:

Mr. Rattan Kumar Agarwal is the Managing Director of the company. Mr. Rattan Kumar Agarwal is a Chartered Accountant and has a professional experience of 15 years in Acrylic Fibre business. Mr Ritesh Kumar Goenka and Mr Mridul Kumar Goenka are the other Directors of the Company. Both of them are qualified and have professional experience.

Financial Performance:

Company opens LCs in favour of exporters in Thailand and Egypt on 90 days usance basis, and also avails Buyer's Credit, within the overall LC limit. Sales are made to local buyers on credit basis of 3 – 4 months.

The company's revenue from operations has increased by 20.26 % from ₹ 15.59 Cr in FY12 to ₹ 18.75 Cr in FY13. The operating margin has increased from 0.45 % in FY12 to 0.61 % in FY13. PAT has moved from ₹ 0.07 Crs in FY12 to ₹ 0.11 Crs in FY13. The tangible net worth was low, and stood at ₹ 0.80 Crs as at March 31, 2013 as against ₹ 0.69 Cr as on March 31, 2012. Total Debt: Tangible Net worth was at 1.20 X in FY13.

On provisional basis, the company has reported sales of ₹ 17.39 Crs for the period April 2013 - March 2014.

Rating Outlook:

The outlook of the company's is expected to be stable during the current year. The company's ability to diversify both supplier and customer base, expand its scale of operations, improve its margin levels, infuse more funds for future growth and manage receivables efficiently would be key rating sensitivities.

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