



## Rating Rationale

### Aman Exports International

20 Jun 2018

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 26.44 Crores of Aman Exports International.**

#### Particulars

Issue	Previous Amount (In Rs. Crs)	Present Amount (in Rs. Crs)	Tenure	Previous Rating *	Present Rating*
<b>Fund Based</b>					
Term Loan 1	0.55	0.41	Long Term	<b>BWR BB (Pronounced as BWR Double B) Outlook: Stable</b>	<b>BWR BB (Pronounced as BWR Double B) Outlook: Stable Reaffirmed</b>
Term Loan 2	0.61	0.24			
Term Loan 3	0.88	0.79			
Export Packing Credit	25.00	25.00	Short Term	<b>BWR A4+ (Pronounced as A four plus)</b>	<b>BWR A4+ (Pronounced as A four plus) Reaffirmed</b>
FOBP	(5.00)	(5.00)			
FOBNLC	(25.00)	(25.00)			
FOBP (within FOBP)	(3.00)	(3.00)			
<b>Total</b>	<b>27.40</b>	<b>26.44</b>	<b>INR Twenty Six Crores Forty Four Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

**Long term rating reaffirmed BWR BB (Outlook: Stable) and short-term rating reaffirmed at BWR A4+.**

Brickwork Ratings has principally relied upon audited financial statements up to FY17 and provisional financials of FY18, publicly available information and other documents provided by the management, while reviewing the ratings for the firm.

#### Key Rating Drivers

While reviewing the ratings for Aman Exports International (AEI or 'the firm'), BWR has factored in the partners' experience in similar line of business and their ability to infuse funds into the business as per requirement, Improvement in terms of revenue shown in FY18, moderate total outside liabilities (TOL) to partners' capital ratio and adequate cash accruals in FY17.

The rating is, however, constrained on account of low scale of operations of the firm in a highly fragmented sector, Average debt protection metrics, Frequent changes in taste and preferences of the consumer, risk related to the buyer's country, risk of delayed shipments which could lead to high penalties and high variations in export orders coupled with foreign exchange risk.



### **Credit Strengths:**

- **Partners' experience:** The firm is family driven entity. The managing partner, Mr. Suresh Kumar Agarwal, ventured into this business in 1988. He was later joined by his two sons – Mr. Vikas Agarwal and Mr. Vinay Agarwal. Business experience of three decades and the foreign based education of the younger partners attributed to the tie-ups with major international brands.
- **Moderate financial risk profile:** The firm has moderate overall gearing (TOL/TNW ratio) of 1.65 times in FY17. The overall gearing is supported by capital addition of Rs. 2.70 Crs during FY 17. Management certified provisional financials of FY18 show improvement in gearing and debt protection metrics.

### **Credit Risks:**

- **Low scale of operations:** The firm's revenues from operations were Rs. 59.28 Crs in FY17 coupled with low net profit margins of 1.91%. As per provisional financials for FY18, It has achieved total operating income of Rs 67.54 Cr. Scale is important as it suggests firm's ability to withstand any economic downturn. Larger the scale more the shock absorbing capacity.
- **Average Debt Protection Metrics:** Debt protection metrics such as ISCR and DSCR of 1.49x and 1.27X respectively for FY-17 are considered average and there is no much improvement in FY18..
- **Other risks:** Exposure of the entity to the fluctuations in prices of raw material, likely disturbances in supply of raw material, forex risks and variations in demand from existing customers.

### **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 **Aman Exports International** 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**

Aman Exports International, a partnership firm, is an apparel export house recognized by the Government of India. The company was established in year 1988 by Mr. Suresh Agarwal, who was later joined by his two sons- Mr. Vikas Agarwal and Mr. Vinay Agarwal and his wife - Mrs. Chandra Kanta Agarwal. The company is engaged into the manufacturing of high-end ladies fashion garments. The firm supplies the



garments to companies located in Latin America and Europe under the buyer's brand name. The factory is located at Jaipur, Rajasthan.

### Company Financial Performance

Particulars	Units	FY2016	FY2017
		(Audited)	(Audited)
Total Operating Income	Rs. in Crores	49.45	59.28
EBIDTA	Rs. in Crores	5.61	6.68
PAT	Rs. in Crores	0.89	1.13
TNW	Rs. in Crores	19.21	21.91
TOL : TNW	Times	1.69	1.65
Current Ratio	Times	1.18	1.21

### Rating History for the last three years

Sl. No.	Instrument/Facility	FY 2018			Rating History		
		Type	Amount (Rs Crs)	Present Rating	4 January 2018	Sep 2016	2 June 2015 (FY16)
1	Term Loans	Long Term	1.44	BWR BB Outlook:Stable <b>Reaffirmed</b>	BWR BB Outlook: Stable	BWR BB Outlook: Stable	BWR BB Outlook: Stable
2	Export Packing Credit	Short Term	25.00	BWR A4+ <b>Reaffirmed</b>	BWR A4+	BWR A4+	BWR A4+
	FOBP		(5.00)				
	FOBNLC		(25.00)				
	FOBP (within FOBP)		(3.00)				
	<b>TOTAL</b>		<b>26.44</b>	<b>INR Twenty Six Crores Forty Four Lakhs Only</b>			

Status of non-cooperation with previous CRA (if applicable)-Not Applicable

### Hyperlink/Reference to applicable Criteria

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



For any other criteria obtain hyperlinks from website

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#### 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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

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