

## Rating Rationale

### Brickwork Ratings assigns ‘BWR BB’ & ‘BWR A4+’ rating for the Bank Loan Facilities of ₹ 17.19 Cr of Aman Exports International.

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Loan facilities of ₹17.19 Cr of Aman Exports International (“AEI”).

Facility	Limits (₹ Cr)	Tenure	Rating
<b><u>Fund Based</u></b>			
Term Loan 1	0.14	<b>Long Term</b>	<b>BWR BB</b> (Pronounced BWR Double B)  <b>(Outlook: Stable)</b>
Term Loan 2	2.05		
EPC*	15.00	<b>Short Term</b>	<b>BWR A4+</b> (Pronounced BWR A Four Plus)
FOBP/ FOBNLC*	15.00		
FOUBP (within FOBP)*	(2.00)		
<b>Total</b>	<b>17.19</b>	<b>(INR Seventeen Crores and Nineteen Lakhs only)</b>	

\*Overall Ceiling of Rs.15 Cr

BWR has principally relied upon the audited financial results of FY12, FY13, FY14, provisional of FY15 and projections for FY16 & FY17, publicly available information and information/clarifications provided by the management.

The ratings reflect the partners’ experience in the line of business, improved capital structure on account of funding support from partners, diversified customer base with well-established relationship, moderate profitability and healthy order book position. The ratings have also factored in the low counterparty credit risk, as majority sales are either backed by letter of credit from customers or covered under ECGC scheme.

However, ratings are constrained by firm’s modest scale of operations, leveraged capital structure, presence in intensely competitive and fragmented industry, stretched liquidity position due to high working capital requirement, vulnerability of its revenue and profitability to economic cycles and susceptibility of profitability to adverse movements in the prices of major raw materials.

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

## Background

AEI was started as a proprietary concern in 1998 by Mr. Suresh Kumar Agarwal. In 2009, the firm was converted into partnership firm, with the induction of his wife and two sons as partners. AEI is a Government of India recognized export house, engaged in the manufacture and export of ready-made garments, particularly women's wear. The firm mainly supplies garments to retailers in Europe and Latin America, which market the products under their own brand names. The firm has its Registered Office and manufacturing facilities located at Jaipur, Rajasthan.

## Financial Performance:

AEI reported total revenue from operations of ₹82.12 Cr in FY14. Operating profit margin of the firm was at 6.67% respectively in FY14. Tangible net worth stood at ₹12.58 Cr as on March 31, 2014.

## Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, the firm's ability to increase the scale of operation while sustaining profitability, strengthen capital structure and manage working capital efficiently would be the key rating sensitivities.

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