

## Rating Rationale

**Brickwork Ratings reaffirm the rating of long term and short term Bank Loan facilities for Aman Exports International ('AEI' or Firm) aggregating ₹27.40 Cr (earlier rated amount of ₹ 17.19 Cr).**

Brickwork Ratings (BWR) has reaffirmed the following **Ratings<sup>1</sup>** for the existing Bank Loan Facilities of Aman Exports International ('AEI' or Firm):

| Tenor               | Facility               | Previous Amount Rated(Amt in Crs) | Previous Rating   | Amount Rated (Amt in Crs) | Present Ratings   |
|---------------------|------------------------|-----------------------------------|---|---------------------------|---|
| Long Term           | <b>Fund Based (FB)</b> |                                   | "BWR BB"<br>Outlook:Stable<br>Pronounced as BWR<br>Double B | Nil                       | "BWR BB"<br>Reaffirm<br>Outlook:Stable<br>Pronounced as BWR<br>Double B |
|                     | Term Loan I            | 0.14                              |   |                           |   |
|                     | Term Loan II           | 2.05                              |   |                           |   |
|                     | Term Loan              | -                                 |   |                           |   |
| Short Term          | <b>Fund Based (FB)</b> |                                   | BWR A4+<br>Pronounced as BWR<br>A Four Plus                 | 25.00                     | BWR A4+<br>Reaffirm<br>Pronounced as BWR A<br>Four Plus                 |
|                     | EPC*                   | 15.00                             |   |                           |   |
|                     | FOBP/FOBNLIC*          | 15.00                             |   |                           |   |
|                     | FOUBP(Within FOBP)*    | (2.00)                            |   |                           |   |
| <b>Total limits</b> |                        | <b>17.19</b>                      | <b>INR Seventeen Crores and Nineteen Lakhs Only</b>         | <b>27.40</b>              | <b>INR Twenty Seven Crores and Forty Lakhs Only</b>                     |

\*Term Loan amount represents o/s as on date.

\*Within overall ceiling of Rs. 25 Cr in current amount rated

BWR has essentially relied upon the audited financial results up to FY15, provisional data for FY 16, publicly available information and information/clarifications provided by the management. The ratings reflect the partners' experience in their line of business, improved capital structure on account of funding support from partners, diversified customer base with well-established relationship, moderate profitability. The ratings have also factored in the low counter party credit risks, as majority sales are either backed by letters 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 a partnership concern 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 supplies garments to retailers in Europe and Latin America, under the buyers’ brand names. The firm has its manufacturing facilities located at Jaipur, Rajasthan.

### **Financial Performance:**

The Firm reported a revenue of Rs 74.57 Cr and PAT of Rs 1.19 Cr in FY14, as against revenue of Rs 56.69 Cr and PAT of Rs 2.39 Cr in FY15. Net Worth improved to Rs 19.40 Cr in FY15 as against Rs 12.59 Cr in FY 14. However, the Firm’s revenue declined to Rs.43.82 Cr in FY16 as per provisional financials.

### **Rating Outlook**

Performance of AEI over the next one year is expected to be stable. Going forward, ability of the firm, improve its scale of operations, profitability, cash accruals to repay debt obligations on a continuous basis and to manage working capital will be the key rating sensitivities.

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