



## Rating Rationale

Amrit Exports Pvt Ltd

11 July 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 40.67 Crores of Amrit Exports Pvt Ltd.

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based:</b> Term Loan	<b>3.67</b>	<b>Long Term</b>	<b>BWR BB</b> (Pronounced as BWR Double B) (Outlook: Stable)
<b>Fund based:</b> Packing Credit Limit	<b>18.25</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced as BWR A Four)
<b>Fund based:</b> Foreign Bills Purchased/Foreign Bills Negotiation	<b>14.00</b>		
<b>Fund based:</b> Overdraft against Export Receivables	<b>1.00</b>		
<b>Non Fund Based:</b> Bank Guarantee	<b>0.75</b>		
<b>Non Fund Based:</b> Letter of Credit	<b>3.00</b>		
<b>Total</b>	<b>40.67</b>	<b>INR Forty Crore Sixty Seven Lakhs Only</b>	

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

### Rating: Assignment

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied on the audited financials upto FY17 and provisional for the financial year of FY18 and projections for FY19 of Amrit Exports Private Limited ('AEPL' or 'the Company'), information /clarifications provided by the Company's management and publicly available information.

The rating derives strength from the promoters' experience in the textile industry, synergies with its group concerns, moderate debt protection indicator and gearing Ratio, diversified product portfolio and client profile. However, the rating is constrained by intense competitive nature of the industry, stretched liquidity ratio, thin profit margin. Going forward, the ability of the company to improve on its profitability margins and manage working capital requirements efficiently, apart from increasing revenues will be the key rating sensitivities.



## Rationale/Description of Key Rating Drivers/Rating sensitivities:

### Description of Key Rating Drivers

#### Credit Strengths:

- **Experience of Promoters:** The Company is managed by Mr. Anil Buchasia, Mr. Sohm Buchasia and Mr. Sohm Buchasia. Mr. Anil Buchasia and Mr. Sohm Buchasia are chartered Accountants by qualification. Mr. Anil Buchasia is the director of marketing and sales and has more than two decades of work experience in international trade in workwear and safety wear.
- **Synergies with the Group concern:** AEPL is the flagship company of the Amrit Group, 24 parganas, West Bengal. The group concerns manufacture and export of all types of garments specializing in uniforms, industrial garments, safety wear, casual wear, men's wear, women's wear, kid's wear, sweaters etc. The group has two companies namely, Amrit Exports Pvt Ltd and Amrit Crafts Pvt Ltd.
- **Moderate Debt Protection Metrics:** The Company with both term loan and working capital facilities has moderate debt protection reflected through interest coverage ratio and debt coverage ratio. Increasing interest cost however remains a concern

#### Credit Risks:

- **Profitability Margins:** The profit margins of the company both operating and net profit margins are on a decline since FY15, However with increasing revenues and managing the expenses the company will be able to improve on its profit margins . AEPL derives majority of its revenue from exports.
- **Competition and Cyclicity:** Operating in a highly competitive environment having exposure to the inherent cyclicity in the Indian Textile Industry, remains challenging for the Company.
- **Stretched Liquidity Ratio:** Being working capital intensive, the inventory levels are to be maintained at high levels, however without improvement in the working capital cycle these levels remain a constraint along with increasing receivables

### 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 **Amrit Exports Pvt Ltd** 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. The Stable outlook necessarily factors in the improving revenues and profit margins as per provisional FY18, though falls short on absolute numbers of its projected financials. Going forward,



continuing the improvement in revenues alongwith efficient working capital management needs to be monitored

### About the Company

Incorporated in 1996, Amrit Exports Pvt Ltd, a private limited company, is the flagship company of the Amrit Group. It is a manufacturer and exporter of industrial garments & safety wear. The registered office of the Company is situated at Room No-605, 1(6th Floor), British Indian Street, Kolkata, West Bengal. The corporate office of the company is located at Amrit Tower, EN-26, Sector-V, Salt Lake, Kolkata-91. The manufacturing facility is located at Madhyamgram, Near Kolkata Airport, West Bengal. The Company is a Government of India recognized export house & an ISO 9001:2015, ISO 14001:2015 & SA 8000:2014 certified company. It also has ISO 9001: 2008 certification by DNV Netherlands. AEPL has been exporting its products to different European countries & Government departments like Swiss Army (Armasuisse i.e. Department of Civil & Military defense, Switzerland), Swiss Military (AMZ), Swiss Railways(SBB). The Company also supply to major clients across the globe through their European partners like: Renault, Volkswagen, Volvo, Fiat, Movister (largest mobile company of Spain), Strabag (Largest Construction Company of Austria), Scania (Largest Truck Company) AEPL has all the modern technology coupled with superior imported machines for dying of fabric. The group concern, AEPL is managed by three directors namely, Mr. Shom Buchasia, Mr. Shivam Buchasia & Mr. Krishna Kumar Ram.

### Company Financial Performance

As per the Audited financial FY17, the net profit of the Company has increased from ₹ 0.35 Crores in FY16 to ₹ 0.69 Crores in FY17. The Company has reported total operating income of ₹ 49.69 Crores in FY17 against ₹ 35.19 Crores in FY16. Tangible net worth of the Company has increased from ₹ 16.55 Crores in FY16 to ₹ 17.42 Crores in FY17 on account of ploughing back of profit. The Bank has informed of the account being standard with satisfactory conduct.

### Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type (Long Term/Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based Term Loan	Long Term	3.67	BWR BB	-	-	-
2.	Fund Based Packing Credit		18.25				
3.	Fund based Foreign Bills Purchased/ Foreign Bills Negotiation	Short Term	14.00	BWR A4	-		

4.	<b>Fund based</b> Overdraft against Export Receivables		<b>1.00</b>		-		
4.	<b>Non Fund Based</b> Letter of Credit		<b>0.75</b>		-	-	-
5.	<b>Non Fund Based</b> Bank Guarantee		<b>3.00</b>		-	-	-
	<b>Total</b>		<b>40.67</b>	<b>INR Forty Crore Sixty Seven Lakhs Only</b>			

Note: The aforesaid facilities are availed from Indian Bank, Strand Road Branch, West Bengal.

Status of non-cooperation with previous CRA (if applicable)-Reason and comments  
Any other information

#### Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	53.51	37.88
EBITDA	₹ Cr	4.62	4.57
PAT	₹ Cr	0.69	0.35
Tangible Net worth	₹ Cr	17.42	16.55
Total Debt/Tangible Net worth	Times	1.77	1.55
Current Ratio	Times	1.28	1.31

#### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [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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