



Rating Rationale

Asia Pacific Export

16 Feb 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 6.00 Crores of Asia Pacific Export.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Cash credit & Packing Credit	6.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Total	6.00	INR Six Crores Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of Asia Pacific Export up to FY 17 & projection Upto FY 20, publicly available information & clarification/information provided by the firm.

The rating assigned to the bank facilities of Asia Pacific Export positively factors experience of the promoters and established track record of the company in the wood manufacturing and export business. The ratings are however, constrained on account of its working capital intensive nature of operations, profitability is highly susceptible to volatile in raw material prices, and highly fragmented industry with intense competitive market, moderate scale of operation & low net profit margins and the company is also exposed to foreign exchange fluctuation risk in the absence of a hedging policy and the risks associated with partnership companies.

Going forward the ability of the Company to scale up its revenues, improve the profitability margins, strengthen the capital structure, diversify its customer base and efficiently manage its working capital would be key rating sensitivities.



Description of Key Rating Drivers

Experienced management: Company is engaged in the manufacturing of wooden handicraft furniture. The promoters have extensive business experience which supports business operations.

Strong liquidity : Firm has strong liquidity as reflected by current ratio of 3.18 times in FY 17 coupled with efficient working capital management.

Thin Profitability Margin : Thin Profitability margins indicated by net profit margin of 0.20% and operating profit margin of 4.38% in FY17.

Leveraged capital structure: The company's capital structure is highly leveraged with gearing of 4.09 times and TOL/TNW of 5.05 times as on March 2017. The company's operations are capital intensive in nature.

Intense competition The company operates in a highly fragmented industry with limited entry barriers wherein the presence of large number of players in the unorganised sector limits the bargaining power with customers.

Limitation of partnership concern: Being a partnership firm, the firm is exposed to inherent risk of any withdrawals by the partners may impact the capital structure of firm.

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: *Positive*

BWR believes the **Asia Pacific Export** 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 Company

Asia Pacific Export is a Partnership Concern established in 2000 and it is managed by Mr. Dhanraj Gandhi and Mr. Sunil Kumar. The firm is into manufacturing of wood products furniture & Export house in Jodhpur Rajasthan India. They are Manufacturing wooden handicraft, Iron handicraft, Antique reproduction, jodhpuri handicraft items. They are also into traditional rajasthani handicraft, traditional jodhpur furniture, traditional Indian furniture and other artifacts.

Company Financial Performance



Company generated total operating income of ₹ 27.34 Crs. in FY17 as compared to ₹ 24.38 Crs.in FY16. Profit after tax of company stood at ₹ 0.05 Crs. in FY17. The tangible net worth of the company stood at Rs. 1.98 Crs. as on 31-3- 2017. On provisional basis, the company has achieved total operating income of Rs. 27.00 crs. upto Jan FY 2018.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based	6.00	6.00	BWR B+ Outlook Stable	N.A	N.A	N.A
	Total		6.00	₹ Six Crores Only			

Status of non-cooperation with previous CRA (if applicable)- N.A

Any other information- N.A

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	27.34	24.38
EBITDA	₹ Cr	1.20	0.49
PAT	₹ Cr	0.05	0.05
Tangible Net worth	₹ Cr	1.98	1.82
Total Debt/Tangible Net worth	Times	4.09	3.93
Current Ratio	Times	3.18	3.27

Hyperlink/Reference to applicable Criteria



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

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For print and digital media

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



DISCLAIMER

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