

Brickwork Ratings withdraws the long term rating and reaffirms the short term ratings for the Bank Loan Facilities of ₹40.25 Crores of Atlas Export Enterprises.

Particulars

| Facility | Amount (₹ Crs) | | Tenure | Rating* | |
|----------------|----------------|--------------|--|--|---|
| | Previous | Present | | Previous (December 2017) | Present |
| Fund based | 2.10 | - | Long Term | BWR BB (Pronounced as BWR Double B) Outlook : Stable | Rating Withdrawn |
| | 32.00 | 40.00 | Short Term | BWR A4 (Pronounced as BWR single A four) | BWR A4 (Pronounced as BWR single A four) Reaffirmed |
| Non Fund Based | 0.25 | 0.25 | Short Term | | |
| Total | 34.35 | 40.25 | INR Forty Crores and Twenty Five Lakhs Only | | |

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

*The term loans availed with canara bank since been repaid and hence long term rating of the firm is withdrawn.

Ratings: Long term rating withdrawn and short term rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating reaffirms has factored strength from the extensive experience of the partners, prominence of the promoter in the society, well established clientele and satisfactory track record of operations, moderate net worth and comfortable liquidity profile of the firm. However, the rating is constrained by moderate scale of operations in highly fragmented industry increasing gearing levels, exposure to forex risks and intense competition in the export industry.

Description of Key Rating Drivers



- **Credit Strengths:**

Experienced Management and long track record of operations: The firm is in existence for more than four decades with established track record in the business implies the firm's ability to sustain with external factors. The promoter of this firm has vast experience of more than four decades in the same line of business and there had been year on year increase in sales.

Moderate Net worth and comfortable liquidity: Tangible net worth stood at Rs.17.63 Cr. as on March 31, 2018. Current ratio reported at 2.20 times in FY18.

- **Credit Risks:**

Moderate scale of operation in a highly fragmented industry: The firm has reported 10% growth in FY17 and FY18 in a highly fragmented ready made garment industry.

Gearing level: The gearing of the firm has increased to 2.28 times in FY18 from 1.77 times in FY17.

Exposure to forex risk: The firm derives majority of its revenue from overseas, and hence, is exposed to volatility in currency. The firm faces intense competition from organised as well from unorganised players in the market and volatile raw material prices will have an impact on the profitability.

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 **Atlas Export Enterprises** 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

Atlas Export Enterprise(AEE) was established in the year 1978 in Karur, Tamil Nadu. It is a partnership firm with three partners namely, Mr. M Nachimuthu, Mr. N Senthil Prasath and Mrs. N Kasthuri. The firm engaged in manufacturing and exporting of home textiles such as bed sheets, pillow covers, window screens, table linens and kitchen linens. The firm is exporting its products to the countries like UK, Germany, Switzerland, and Spain.



Firm's Financial Performance

Revenues of the firm have been growing y-o-y. The revenue has increased to Rs.162.15 crs in FY18 from Rs.147.04 crs in FY17. For the current year, against projections of Rs.198.00 crs, the firm has achieved sales of Rs.106 crs.(April'18 to Nov'18)

Key Financial Indicators

| Key Parameters | Units | 2018 | 2017 |
|-------------------------------|-------|--------|--------|
| Result Type | | | |
| Operating Revenue | ₹ Cr | 162.15 | 147.04 |
| EBITDA | ₹ Cr | 18.80 | 18.74 |
| PAT | ₹ Cr | 10.95 | 12.36 |
| Tangible Net worth | ₹ Cr | 17.63 | 18.62 |
| Total Debt/Tangible Net worth | Times | 2.08 | 1.77 |
| Current Ratio | Times | 2.20 | 1.58 |

Rating History for the last three years

| S.No | Instrument /Facility | Current Rating (Jan 2019) | | | Rating History | | |
|------|---|------------------------------|----------------|--|----------------|---|------------|
| | | Type (Long Term/ Short Term) | Amount (₹ Crs) | Rating | 2018 | Dec 2017 | 2016 |
| 1. | Fund Based | Long term | 0.00 | Rating Withdrawn | NIL | BWR BB Outlook : Stable | NIL |
| 2 | Fund Based PC/PCFC/FDB/FBE | Short term | 40.00 | BWR A4 (Pronounced as BWR single A four) Reaffirmed | NIL | BWR A4 (Pronounced as BWR single A four) | |
| 2 | Non Fund Based Bank Guarantee | Short term | 0.25 | | | | |



| | | | |
|--|--------------|--------------|--|
| | Total | 40.25 | ₹ Forty Crores and Twenty Five Lakhs Only |
|--|--------------|--------------|--|

*The term loans availed with canara bank since been repaid and hence long term rating of the firm is withdrawn.

Status of non-cooperation with previous CRA (if applicable)-Reason and comments : NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing companies](#)

For any other criteria obtain hyperlinks from website

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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, 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.



DISCLAIMER

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