

## RATING RATIONALE

27 Mar 2020

### Atlas Export Enterprises

**Brickwork Ratings assigns the long term ratings and reaffirms the short term rating for the Bank Loan Facilities of ₹41.23 Crores of Atlas Export Enterprises**

#### Particulars:

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (January 2019)	Present
Fund based	-	0.98	Long Term	Withdrawn	BWR BB/Stable Assigned
	40.00	40.00	Short Term	BWR A4	BWR A4 Reaffirmed
Non Fund Based	0.25	0.25	Short Term		
<b>Total</b>	<b>40.25</b>	<b>41.23</b>	<b>INR Forty One Crores and Twenty Three Lakhs only</b>		

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

\*\* Details of Bank facilities is provided in Annexure-I

## RATING ACTION / OUTLOOK

Brickwork rating assigns rating of BWR BB for long term with Stable Outlook and reaffirms the short term rating of BWR A4.

The outlook is stable as the business risk profile of the firm, growth in the business and profitability is expected to be maintained in the medium term.

BWR has principally relied upon the audited financial results up to FY19, projected financial of FY20 & FY21 and publicly available information and information/clarifications provided by the firm..

The ratings 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.

## 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 which implies the firm's ability to sustain. The promoter of this firm has vast experience of more than four decades in the same line of business.

**Moderate Net worth and improved gearing:** Tangible net worth stood at Rs.20.00 Cr. as on March 31, 2019. The gearing of the firm has improved to 1.40 times in FY19 from 2.28 times in FY18.

- **Credit Risks:**

**Moderate scale of operation in a highly fragmented industry:** The firm has reported 10% growth in FY19 as compared to FY18 in a highly fragmented ready made garment industry.

**Impact of Corona on sales :** Major portion of their sales are to clients in European countries which are presently experiencing Corona impact. This will have a bearing on their export sales during FY21.

**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 AND APPLICABLE RATING CRITERIA

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyper linked detailed below (hyperlinks provided at the end of this rationale).

## RATING SENSITIVITIES

Going forward, the ability of the firm to improve its revenue and profitability margins, manage its working capital efficiently and reduce the receivables level will remain key rating sensitivities.

**Positive:** The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement.



**Negative:** The rating may be downgraded if the revenues go down and profit margins show lower than expected figures.

### LIQUIDITY POSITION

The liquidity position (**Adequate**) of the firm represents a current ratio of 1.40 times in FY19 .

### PROFILE OF 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 is engaged in manufacturing and exporting home textiles such as bed sheets, pillow covers, window screens, table linens and kitchen linens. The firm is exporting its products to countries like the UK, Germany, Switzerland, and Spain.

### KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY19	FY18
Result Type		Audited	Audited
Operating Revenue	₹ Cr	164.16	162.15
EBITDA	₹ Cr	21.43	18.80
PAT	₹ Cr	15.19	10.95
Tangible Net worth	₹ Cr	20.00	17.63
Total Debt/Tangible Net worth	Times	1.40	2.08
Current Ratio	Times	2.86	2.20

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NIL**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY :NA**

## RATING HISTORY

Sl. No.	Instrument /Facility	Current Rating (Mar 2020)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	2019	2018	2017
1	Term loans*	Long term	0.98	BWR BB / Stable Assigned	Withdrawn (21Jan 2019)	NIL	BWR BB/ Stable Assigned (29- Dec-2017)
2	PC/PCFC/ FDB/FBE	Short term	40.00	BWR A4 Reaffirmed	BWR A4 Reaffirmed (21Jan 2019)	NIL	BWR A4 Assigned (29- Dec-2017)
3	Bank Guarantee	Short term	0.25				
	Total		41.23	<b>INR Forty one Crores and Twenty Three Lakhs only</b>			

\* Term loans o/s as on 31.12.19

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Short Term Debt

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**Atlas Export Enterprises**  
**ANNEXURE I**  
**Details of Bank Facilities rated by BWR**

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Canara Bank	Term Loans	0.98	-	0.98
2		PC/PCFC/FDB/FBE	-	40.00	40.00
3		BG	-	0.25	0.25
<b>TOTAL</b>					41.23

**Total Rupees Forty One Crores and Twenty Three Lakhs only**



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