

Bose Exports: Assigned

Facilities	Amount (Rs Crore)	Rating
Packing Credit	3.00	SMERA A4 (Assigned)
Foreign Bills Discounting	3.00	SMERA A4 (Assigned)
Packing Credit (Proposed)	1.00	SMERA A4 (Assigned)
Foreign Bills Discounting (Proposed)	1.00	SMERA A4 (Assigned)

SMERA has assigned short term rating of '**SMERA A4**' (read as **SMERA A four**) on the above mentioned bank facilities of Bose Exports (BE).

The rating is constrained by the firm's modest scale of operations and below average financial risk profile. The rating also factors in the geographic concentration risk, the highly competitive and fragmented textile industry and risk of capital withdrawal owing to the partnership constitution of the firm. However, the rating draws supported from the long track record of operations, experienced management and working capital cycle.

Bose Exports, established in 1999 is a Tamil Nadu-based partnership firm engaged in the manufacturing and export of hosiery garments. The firm was promoted by Mr. Ramasamy and Mr. Subramaniam who possess over three decades of experience in the textile industry.

Bose Exports is engaged in the manufacture and export of hosiery garments. The firm has modest scale of operations with operating income of Rs.20.52 crore in FY2015-16 as against Rs.22.44 crore in FY2014-15. As indicated by the management, the firm achieved revenue of Rs.8.00 crore for 7MFY2016-17. The subdued revenue performance is mainly on account of low demand from end users. The firm has below average financial risk profile marked by high gearing of 3.46 times as on March 31, 2016 as compared to 2.64 times as on March 31, 2015. The Interest Coverage Ratio (ICR) stood at 1.72 times for FY2015-16 as compared to 1.76 times in FY2014-15. The financial risk profile remains susceptible to risk of capital withdrawal due to the partnership constitution of the firm. The tangible net worth stood at Rs.1.65 crore as on March 31, 2016 as compared to Rs.1.93 crore as on March 31, 2015.

Bose Exports operates in a highly competitive and fragmented textile industry with limited entry barriers and presence of large number of players limiting the bargaining power with customers. In FY2015-16, around 80 per cent revenue was generated from export to Europe, mainly France. Bose Exports has comfortable working capital cycle of 38 days due to inventory of 44 days and debtors of 77 days in FY2015-16.

Rating Sensitivity Factors:

- Sustained improvement in revenue while improving profitability
- Movement in gearing and coverage indicators
- Efficient working capital management

Criteria applied to arrive at the rating:

- Manufacturing Entities

Bose Exports (BE)

About the Firm

Bose Exports (BE) is a Tamil Nadu-based partnership firm established in 1999 by Mr. P Ramasamy, A. Subramaniam, R. Sivakumar. The firm is engaged in the manufacture and export of hosiery garments.

For FY2015-16, the firm registered Profit after tax (PAT) of Rs.0.44 crore on operating income of Rs.20.52 crore as against PAT of Rs.0.61 crore on operating income of Rs.22.44 crore in FY2014-15.

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.