

24th January, 2014

Facilities	Amount (Rs. Crore)	Rating
Export Packing Credit	5.00	SMERA A4 (Assigned)

SMERA has assigned a short-term rating of '**SMERA A4**' (read as **SMERA A four**)' to the Rs.5.00 crore bank facilities of Aman Exports (Aman). The rating is constrained by the firm's small scale of operations, uneven profitability and moderate leverage. The rating is further constrained by the firm's exposure to seasonal fluctuations in revenues, geographic concentration risk and intense competition prevalent in the handicrafts industry. However, the rating is supported by the firm's experienced management.

Aman, established in 1985, is a Noida-based firm engaged in export of handicrafts used for Christmas decorations. Aman has a small scale of operations with revenues of Rs.6.39 crore in FY2012-13 (refers to financial year, April 01 to March 31). Aman reported net profit of Rs.0.46 crore in FY2012-13, as compared with net loss of Rs.0.78 crore in FY2011-12. However, the firm's net profit (in FY2012-13) is largely supported by export incentives received from the government. Aman's leverage is moderate at 1.27 times as on March 31, 2013. The firm's revenues are exposed to seasonality associated with demand for decorative items for Christmas. Moreover, Aman is exposed to geographic concentration risk as the firm derives about 80 per cent of its revenues from the U.S.A.

Aman faces intense competition from several players in the unorganized sector of the handicrafts industry. However, the firm benefits from its experienced management. Mr. Vinay Kumar Sharma, Proprietor of Aman, has around two decades of experience in the handicrafts industry.

Outlook: Stable

SMERA believes Aman will maintain a moderate business risk profile over the medium term on the back of its experienced management and established association with customers. The outlook may be revised to 'Positive' in case the firm expands its scale of operations while registering improvement in profit margins and working capital management. Conversely, the outlook may be revised to 'Negative' in case of further stretch in the firm's working capital cycle or in case of deterioration in the firm's capital structure.

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About the firm

Aman, established in 1985, is a Noida-based firm promoted by Mr. Vinay Kumar Sharma. Aman is engaged in export of handicrafts.

For FY2012–13, Aman reported PAT of Rs.0.46 crore on operating income of Rs.6.39 crore, as compared with net loss of Rs.0.78 crore on operating income of Rs.6.03 crore for FY2011–12. The firm's net worth stood at Rs.2.27 crore as on March 31, 2013, as compared with Rs.2.25 crore a year earlier.

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