

Aman Exports: Upgraded

Name of the Instruments	Amount (Rs. Crore)	Ratings/Outlook
Term Loan	3.57	SMERA BB-/Stable (Upgraded from SMERA B+/Stable)
Export Packing Credit	10.48	SMERA A4+ (Upgraded from SMERA A4)

SMERA has upgraded the long-term rating on the above mentioned facilities to '**SMERA BB-**' (**read as SMERA double B minus**) from 'SMERA B+' (read as SMERA B plus) and short-term rating to '**SMERA A4+**' (**read as SMERA A four plus**) from 'SMERA A4' (read as SMERA A four) on the Rs.14.05 crore bank facilities of Aman Exports (Aman). The upgrade is in view of the improvement in margins and financial risk profile of the firm. The ratings remain constrained by the small-scale of operations, geographical concentration risk and intense competitive pressure. The ratings are also constrained by the susceptibility of the firm's profit margins to fluctuations in forex rates. However, the aforementioned weaknesses are partially offset by the extensive experience of the management.

Update

Aman reported total income of Rs.21.90 crore in FY2015-16 (Provisional). Further, the operating margins have improved to 15.40 per cent in FY2015 (refer to financial year, April 01 to March 31) as compared to 11.58 per cent in FY2013-14. Aman reported net profit of Rs.1.92 crore on operating income of Rs.19.47 crore, as compared with net profit of Rs.1.40 crore on operating income of Rs.17.48 crore in FY2013-14. The firm has small-scale of operations with sales of Rs.19.47 crore in FY2014-15. Aman's net worth stood at Rs.4.27 crore as on 31 March, 2015, as compared with Rs.3.33 crore a year earlier.

Aman continues to benefit from its experienced management. Mr. Vinay Sharma, Proprietor has around three decades of experience in the handicrafts industry.

Rating Sensitivity Factors

- Scaling up operations while improving profit margins
- Efficient working capital cycle

Outlook: Stable

SMERA believes Aman will maintain a stable outlook over the medium term owing to the extensive experience of the management and established association with customers. The outlook may be revised to 'Positive' if the firm registers strong growth in scale of operations while achieving improvement in profit margins and working capital management. Conversely, the outlook may be revised to 'Negative' in case of stretch in the working capital cycle or deterioration in the capital structure.

Criteria applied to arrive at the ratings:

- Trading Entities

About the Firm

Aman, established in 1985, is a Noida-based proprietorship firm promoted by Mr. Vinay Sharma. The firm exports handicrafts.

For FY2014–15, Aman reported profit after tax of Rs.1.92 crore on operating income of Rs.19.47 crore, as compared with profit after tax of Rs.1.40 crore on operating income of Rs.17.48 crore in FY2013–14. The net worth stood at Rs.4.27 crore as on March 31, 2015, against Rs.3.33 crore a year earlier.

Rating History

			Rating		
Date	Name of the Instrument	Amount (Rs. crore)	Long Term	Short Term	Rating/ Outlook
01 April, 2015	Export Packing Credit	8.00*	-	SMERA A4 (Reaffirmed)	-
	Export Packing Credit (Proposed)	2.00	-	SMERA A4 (Assigned)	-
	Term Loan (Proposed)	4.05	SMERA B+	-	Stable
26 March, 2015	Export Packing Credit	5.00	-	SMERA A4 (Reaffirmed)	-
24 January, 2014	Export Packing Credit	5.00	-	SMERA A4 (Assigned)	-

*Enhanced from Rs.5.00 crore

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ABOUT SMERA

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