



Rating Rationale

AHLAWAT RESEARCH & BREEDING FARM

07 Jan 2019

Brickwork Ratings upgrade long term rating for the bank loan facilities of Ahlawat Research & Breeding Farm.

Particulars

Facility	Previous Amount (₹ Crs)	Present Amount (₹ Crs)	Tenure	Previous Rating (16/03/18)	Present
Fund Based					
Cash Credit Limit Term Loan (O.S)	2.64 6.37	2.64 4.86	Long Term	BWR B (Pronounced as BWR Single B Outlook ; Stable	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable Upgraded
Total	9.01	7.50	INR Seven Crores Fifty Lakhs Rupees Only		

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

BWR has Upgraded the Long Term Rating to BWR B+ (outlook : stable) for bank loan facilities of ('the firm').

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While upgrading the ratings of Ahlawat Research & Breeding Farm, the firm has improved its revenues, moderate debt service indicators, satisfactory current ratio, and moderate Profitability Margins. ARBF engaged in sales of broiler chicks. BWR has essentially relied upon the firm's audited financial results upto FY18, and available information and clarification provided by the firm.

The ratings draw strength from the extensive experience of the promoters in the same line of business, moderate debt service indicators, Moderate gearing level, Moderate profitability margins and Satisfactory current ratio. The ratings, however, factor in Small scale of Operations, Competition from organized and unorganized players in the market. Going Forward the ability of the firm to improve its scale of operations, manage profitability margins and manage working capital efficiently would be the key rating sensitivities.

Credit Strengths:

- 1. Experienced Promoters with established track record:** The firm has experienced promoters with business experience of more than 5 Years in the same line of business and has established track record of more than five years in poultry business and has seen complete business cycle.
- 2. Moderate Debt Service Indicators :** The firm has moderate debt service indicators with Interest Service Coverage Ratio of 2.04 times and Debt Service Coverage Ratio of 1.31 times in FY18.
- 3. Moderate Profitability Margins :** The firm has moderate profitability margins with Operating

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Profit Margins of 14.22% and Net Profit Margins of 2.37% in FY18.

4. **Moderate Gearing Level :** The firm has moderate gearing level with TOL/TNW of 2.73 times in FY18.
5. **Satisfactory Current Ratio :** The firm has satisfactory current ratio of 1.53 times in FY18.

Credit Risks:

1. **Small Scale of Operations:** The firm has small scale of Operations with revenues of Rs 6.81 crores in FY18. The firm has achieved revenues of Rs 7.00 crores till December 18 against the projections of Rs 8.50 crores in FY19.
2. **Competition from various organised and unorganised players :** The industry is characterized by severe competition from both organised and unorganised players in the market.

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the Firm to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Support from Holding/Subsidiary Firm:

Ahlawat Research & Breeding Farm has no Holding or Subsidiary Firm.

Liquidity

The company has liquid investments in the form of FDR of Rs 0.05 crores, and Cash & bank balances were Rs. 0.12 Cr as on March 31 2018. Current ratio has satisfactory at 1.53 times. Average working capital utilization for the six months period (May 2018 to Oct 2018) is 100%. The firm has current maturities of long term debt of Rs 0.84 crores in FY19. The average receivable cycle is at 22 days. The firm has Moderate debt protection metrics as seen by ISCR & DSCR at 2.04 times and 1.31 times respectively as on March 31 2018.

Rating Outlook: Stable

BWR believes the Ahlawat Research & Breeding Farm 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

Ahlawat Research & Breeding Farm incorporated in 2013 is a proprietorship concern engaged in sale of broiler chicks. It is located in Rohtak Haryana. It purchases hens from Venky's which produce eggs. The eggs are hatched to produce chicks, which in turn are sold in the markets of Haryana, Punjab and U.P. Around 80% of the broiler chicks are sold in Haryana. ARBF is promoted by Mr. Ravi Kumar who has an experience of around 5 years in the poultry industry.



Firm's Financial Performance

The Firm's total operating income (TOI) Improved from Rs 5.01 crores in FY17 to Rs 6.81 crores in FY18, and PAT has improved from Rs 0.12 crores in FY17 to Rs 0.16 crores in FY18. The firm has achieved revenues of Rs 7.00 crores till December 18 as informed by management against the projection of Rs 8.50 crores.

Key Financial Ratios

	FY17	FY18
Net Sales/Revenues	Rs 5.01 Cr	Rs 6.81 Cr
EBIDTA	Rs 0.82 Cr	Rs 0.97 Cr
PAT	Rs 0.12 Cr	Rs 0.16 Cr
Tangible Net Worth	Rs. 1.85 Cr	Rs.2.21 Cr
TOL : TNW	2.13 times	2.73 times
Current Ratio	1.94 times	1.53 times

S.No.	Instrument/ Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
	Fund Based						
1	Cash Credit Limit	Long Term	2.64	BWR B+ (Pronounced as BWR Single B Plus) (Outlook: Stable)	BWR B (Pronounced as BWR Single B) (Outlook : Stable)	NA	NA
	Term Loan (O.S)		4.86				
		Total	Rs 7.50 Crores (INR Seven Crores Fifty Lakhs Rupees Only)				

Status of non-cooperation with previous CRA (if applicable) – NA

Any other information – NIL

Hyperlink/Reference to applicable Criteria

[General Criteria](#)

[Approach to Financial Ratios](#)

[Manufacturing Companies](#)



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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.

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