



Rating Rationale

A L Overseas

14Jan2019

Brickwork Ratings has reaffirms the ratings assigned to the bank loan facilities of Rs15.00 Cr of A L Overseas(‘ALO’ or the firm) as under

Particulars:

Facility#	Previous (Rs. Cr)	Present (Rs. Cr)	Tenure	Previous (Feb , 2018)^	Rating #
Fund Based Cash Credit	15.00	15.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Downgraded	BWR BB- (Pronounced as BWR double B Minus) Outlook: Stable Reaffirmed
Total	15.00	15.00	(Rupees Fifteen Crores Only)		

[#] Please refer to BWR website www.brickworkratings.com for definition of the ratings

[^] Issuer did not cooperate; based on the best available information

NOTE: The firm has not provided projected financials of FY 19 & FY 20

Rating: Rating reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of the firm FY18 , publicly available information and information/clarifications provided by the management the firm.

The rating draws strength from the experience of the proprietor, marginal increase in revenues, marginal improvement in the operating and net profit margins. The rating is constrained by the negative interest service coverage ratio, high conversion cycle,, inherent risk, competitive industry, and working capital intensity of operations.

Going forward, the ability of the firm to increase its scale of operations with improved revenues and profits & profitability margins , and manage its working capital efficiently would be the key rating sensitivities.



Credit Strengths:

Proprietor of the firm has about two decades of experience in the rice milling industry , Revenue is Rs 42.40 Crs in FY18 as against Rs 41.44 Crs in FY17 a marginal increase of about 3.4% operating profit margin increased from 4.61% in FY17 to 4.88 % in FY18 net profit margin is improved from 0.84 % in FY17 to 1.07 % in FY18.

Credit Risks:

Interest service Coverage ratio is at 1.42X in FY18 ,cash conversion cycle is at 178 days as on 31.03.2018, inherent risk being the constitution of the firm as proprietorship, high level of competition from large number of unorganized players in the region, operations exposed to the agro climatic conditions of the region,

Rating Outlook: Stable

BWR believes 'A L Overseas' 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 margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and margins show lower than expected figures.

Analytical approach

While assigning the ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

About the Firm

A.L.Overseas is a Sole proprietorship firm, set up in 1995 is promoted by Shri Bharat Bhushan Bansal. The firm has its unit at Narela Mandi, New Delhi. The firm is engaged in milling and shelling of rice-Basmati rice, non-Basmati rice and boiled rice. The firm also sells rice in the brand name of Capital and Shaurat. ALO has an installed capacity of 145 tons of rice per day

Financial Performance

The firm reported Total Operating Income and PAT of Rs. 42.40 Crs and Rs. 0.45 Crs respectively in FY18 and a revenue of Rs 41.44 Crs and PAT of Rs.0.35 Crs respectively Operating profit is Rs 2.06 Crs, in FY18 as against Rs. 1.91 Crs in FY17 .Total debt stood at Rs. 12.26 Cr as on March 31 2018 and Rs.21.90 Cr as on March 31 2017.

Rating History for the last three years:

Sl No	Facility	Current Rating (2019)			Rating History			
		Type	Amount (Rs. Crs)	Rating	28.2.2018	2017	30.12.2016	4.6.2015
1.	Cash Credit	Long Term	15.00	BWR BB- Pronounced as BWR double B Minus) (Outlook: Stable) Reaffirmed	BWR BB- Pronounced as BWR double B Minus) Outlook: Stable Downgraded under INC	Not Rated	Rating Not Reviewed	BWR BB Pronounced as BWR double B) Outlook: Stable Reaffirmed
Total		15.00 (Rupees Fifteen Crores Only)						

Note: The firm's bank loan exposure was assigned a rating of BWR B+(Outlook: Stable) on 31.12.2012. The ratings were upgraded to BWR BB(Outlook: Stable) on 27.02.2014

Status of non-cooperation with previous CRA: not to our knowledge

Any other information: Nil

Hyperlink/Reference to applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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Key Financial Indicators

Particulars	Unit	FY 17 Audited	FY 18 Audited
Total Operating Income	Rs. Cr	41.44	42.40
OPBDIT	Rs. Cr	1.91	2.06
PAT	Rs. Cr	0.35	0.45
Partner's Capital	Rs. Cr	6.62	7.29
Total Debt/ Partner's Capital	Times	3.31	1.68
Current Ratio	Times	1.83	4.55



For print and digital media

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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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