

## Press Release

### Brickwork Ratings assigns ‘BWR B+’ (Outlook: Stable) to the long-term Bank Loan Facilities amounting to ₹ 12.00 Crores of A L Overseas (ALO)

**Bank Loan Rating: ‘ BWR B+’**

**Outlook : Stable**

Brickwork Ratings has assigned the following rating to A L Overseas (ALO)’s Bank Loan facilities amounting to ₹ 12.00 Crores:

Facility	Tenure	Amount	Rating
Cash Credit	Long Term	₹12.00 Crores	<p><b>“BWR B+”</b>  <b>(Pronounced BWR B Plus)</b>            Facilities with this rating are considered to have <b>high risk</b> of default regarding timely servicing of financial obligations.</p>
<b>Total ₹12.00 Crores (Rupees Twelve Crores Only)</b>			

BWR has principally relied upon the audited financial results of ALO’s for FY10, FY11, FY12, projected financials for FY13, publicly available information and information/clarification provided by the proprietorship firm.

A L Overseas, 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 and is engaged in milling and shelling of rice -Basmati rice, non basmati rice, par-boiled rice. The firm has an installed capacity of 145 tonnes of rice per day with a capacity utilization of 100% during peak season (Oct – March) and around 65% during the remaining period of the year.

The proprietor, Shri Bharat Bhushan Bansal, is a graduate engaged in this line of activity since last 15 years. He has a prior experience of working as a Commission Agent of food grain items (Pulses, Paddy etc.) along with his father in Narela Mandi. Shri Krishnan Bansal, father of Shri Bharat Bhushan Bansal is also actively engaged in the day to day activity of AL Overseas and has a business experience of over 2 decades.

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The firm is engaged in milling and shelling of rice -Basmati rice, non basmati rice, par-boiled rice. Basmati rice are of three types: Brown Rice, White Rice and parboiled (Sella) rice. Brown rice: paddy is milled to get brown rice which has nutritious brown layer. White rice: Brown rice is polished and the brand layer is removed to get white rice. Parboiled (sella) rice: Paddy is soaked in water, dried and then milled, thereby soaking the nutrients inside the rice – Creamy and Golden. The firm procures the best quality of paddy and processes it using modern equipment/ machinery. The firm is equipped with upgraded sorting and grinding capabilities.

The Gross Sales of the firm has increased from Rs.21.06Crores (FY09) to Rs.36.63Crores (FY12). It has achieved Sales of Rs.32.69Crores (Dec 20, 2012) and its ability to meet the estimates of Rs.43.50Crores (FY13) remains to be seen. The profit after tax of the firm though at lower levels has increased from Rs.0.08 Crores (FY09) to Rs.0.18Crores (FY12) and the margins show an improvement from 0.18% (FY09) to 0.50%(FY12). The tangible net-worth of the company has increased from Rs.2.87 Crores (FY09) to Rs.4.44 Crores (FY12). The ROCE has dropped from 9.23% (FY09) to 5.40% (FY11), however improved to 7.91% (FY12) due to increase in debt component and lower profits. The current ratio of the company at 1.34 (FY11) and 1.41 (FY12), reflects company's ability to optimally utilize the working capital limits.

The rating has factored, inter alia, ALO's experienced promoters and presence in this trade of rice milling and shelling. The rating is however constrained by moderately high gearing levels, thin profitability and increasing competition in this segment. Going forward, ability of ALO to effectively capitalize on marketing its in-house brands (Capital and Shaurat), effectively manage volatility in raw material prices and its availability, which are essential to improve the firm's margins, liquidity position and profitability while achieving the envisaged growth would remain the key rating factors.

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