Rating Rationale

AL-Sameer Exports Pvt. Ltd.

26 Aug 2019

Brickwork Ratings reaffirms the ratings for the bank loan facilities of AL-Sameer Exports Pvt. Ltd.

Particulars

Facility Rated	Previous Review Amount (Rs. Crs)	Current Review Amount (Rs. Crs)	Tenure	Previous Rating (Jan,2019)	Current Rating Assigned^
Fund Based Term Loan(o/s)	0.03	0.02	Long Term	**BWR BBB** (Pronounced as BWR Triple B) **Outlook : Stable**	**BWR BBB** (Pronounced as BWR Triple B) **Outlook : Stable** **Reaffirmed**
Fund Based PC	35.00	51.00	Short Term	**BWR A3+** (Pronounced as BWR A Three Plus)	**BWR A3+** (Pronounced as BWR A Three Plus) **Reaffirmed**
Fund Based FOBP/FOUBP/FABC/FOBNLC	4.00	4.00	Short Term		
Total	**39.03**	**55.02**	**INR Fifty Five Crores and Two lakh Only**		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR principally relied upon audited financials upto FY 18,FY19 provisional, projections upto FY20, publicly available information and information/clarification provided by the management.

While reviewing the rating of *AL-Sameer Exports Pvt. Ltd. (*MAPPL or 'the company'), BWR has factored in promoter's experience in the meat processing business, improved turnover in FY18 and in FY19(provisional), moderate and improved financials in FY18. The rating is, however, constrained by inherent risk associated with the meat processing industry, currency fluctuation risk, Geographical concentration risk, besides competition from the peers may affect the profit margins in future.

Credit Strengths :

- **Experienced Promoters :**Company is being managed and promoted by Mohd Shameem Qureshi and wife Mrs Naaz Shameem having experience of more than a decade in the same line of business.
- **Improved Turnover :** Total operating income(TOI) has improved significantly from Rs 311.26 Cr in FY17 to Rs 586.47 Cr in FY18. Company has achieved a turnover of Rs 924.09 Cr(provisional). As advised by the company they have achieved a turnover of Rs Rs 244.24 Cr till in 4MFY20.
- **Solvency position and Current Ratio :** Gearing(Total debt/TNW) of the company is comfortable at 0.14X as on FY18 with the net worth at Rs 61.10 Cr. It has comfortable current ratio at 1.63X as on FY18 .
- **Comfortable Debt protection Metrics:** ASEPL has moderate ability to meet its interest from its operating profit, indicated by its comfortable ISCR of 12.79X in FY18.
- **Profit margins :** Net profit margin are good, though it has decreased from 4.49% in FY17 to 2.85% in FY18 and operating profit margin has come down from 6.02% in FY17 to 4.20% in FY18 due to impact of GST implementation and reduction in duty drawbacks.
- **Cash conversion cycle :** Cash conversion cycle of the company is at 9 days which indicates a very short conversion cycle.

Credit Concerns :

- **Inherent Risk associated with the meat industry:** The company is subject to regulatory and socio economic risks associated with the meat processing industry besides competition from small and big players in the industry.
- **Competition and Hedging :** Intense competition in the market from other major players

in the industry along with global competition in buffalo meat market may constrain the ratings. Company is mainly into export of meat.

- **Geographical Concentration Risk :** There is geographical concentration risk as exports to one country is more than 80% out of total exports.Any adverse impact on the trade relation could impact the scale and profit margins of the company.

Liquidity :

Company had good cash accruals (PAT+DEP) of Rs 20.75 Cr in FY18 , improved from Rs 18.30 Cr in FY17. The company had Rs 25.53 Cr of cash accruals as per FY19(provisional). Cash & Cash equivalent has decreased from Rs 14.59 Cr in FY17 to Rs 8.22 Cr in FY18, though it has improved to Rs 18.78 Cr in FY19(provisional). Company has negligible amount of fixed term liability i..e Rs 0.2 Cr as on date.

Analytical Approach:

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

Rating Outlook: Stable

BWR believes the *AL-Sameer Exports Pvt. Ltd.'s* 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 Company

AL-Sameer Exports Pvt. Ltd. (ASEPL), was incorporated in 2008, with its registered office at Kaiser Gunj, Meerut. It is being managed and promoted by Mohd Shameem Qureshi and wife Mrs Naaz Shameem. The company is engaged in the processing and export of frozen halal boneless buffalo meat and poultry products. The company owns an integrated abattoir cum meat processing plant at Araria, Bihar which is approved by the Agricultural and Processed Food Export Development Authority (APEDA) and Bihar State Pollution Control Board.

Company's Financial Performance

Particulars	Units	FY2017 (Audited)	FY2018 (Audited)
Net Sales/Revenue	Rs. Crores	317.38	586.47
EBIDTA	Rs. Crores	19.10	24.65
PAT	Rs. Crores	14.26	16.71
Tangible Networth	Rs. Crores	44.39	61.10
TOL : TNW Ratio	Times	1.01	1.10
Current Ratio	Times	1.63	1.63

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument / Facility	Current Rating (Aug 2019)			Rating History		
		Type	Amount (Rs Crs)	Rating	Jan, 2019	2018	2017
1.	Term Loan	Long Term	0.02	**BWR BBB** (Pronounced as BWR Triple B) **Outlook : Stable** **Reaffirmed**	**BWR BBB** (Pronounced as BWR Triple B) **Outlook : Stable**	NA	NA
2.	PC	Short Term	51.00	**BWR A3+** (Pronounced as BWR A Three Plus) **Reaffirmed**	**BWR A3+** (Pronounced as BWR A Three Plus)		
3.	FOBP/FOUBP /FABC/FOBN LC	Short Term	4.00				
	Total		**55.02**	**INR Fifty Five Crores and Two lakh Only**			

Status of non-cooperation with previous CRA (if applicable) – CARE moved the rating to Issuer Non Cooperation category in Feb,2019.

Any other information - NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria]
- [Approach to Financial Ratios]
- [Manufacturing Companies]
- [Short Term Debt]

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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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