



Rating Rationale

AL-Yasir Exports Pvt Ltd

31 May 2019

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of ₹. 8.00 Crores of AL-Yasir Exports Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jan, 2018)	Present
Fund based	8.00	8.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	BWR B (Pronounced as BWR Single B) Outlook: Stable Downgraded
Total	8.00	8.00	INR Eight Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials upto FY18, feedback from the bank, account statements, publicly available information and information / clarification provided by the company's management.

The rating takes into account the experience of the promoters in the meat export industry and the moderate interest coverage ratio of the company.

The rating is constrained by declining sales of the company, its low networth and high gearing levels, thin profitability margins and stretched liquidity position. The rating also factors the regulatory risks associated with the meat industry in the state of Uttar pradesh.



Going forward, the ability of the company to service its bank facilities regularly, grow its revenues with improved profitability and manage its working capital more efficiently will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Promoter's experience:** The promoters of the company have more than a decade long experience in the meat industry.
- **Moderate interest coverage ratio:** Although declined as compared to FY17, the ISCR of the company was 2.06 times in FY18 which was in moderate category to cover the interest expenses.

Credit Risks:

- **Low Networth:** The company had a low Tangible Networth of rs.1.69 Crs. as on 31 Mar 2018.
- **High gearing levels:** The company was highly geared as on 31 Mar 2018 as reflected in Gearing (Total debt/TNW) of 8.47 times and overall gearing (TOL/TNW) of 9.32 times.
- **Declining sales:** The company's sales have declined from over Rs. 100.00 crs. in FY16 to a little over Rs. 30.00 Crs. in FY18.
- **Thin profitability margins:** The company's profitability margins have been low over the years and in FY18 its operating margin and net margin was 4.02% and 0.30% respectively.
- **Stretched liquidity position:** The fact that the company's utilization of cash credit facility was 100% in the past few months reflects that the company is faced with a stretched working capital position.
- **Regulatory Risk:** The industry is highly regulated by the government. Any changes in existing regulatory framework/ environment may adversely affect the profitability of the company. The industry has been adversely affected by the new guidelines issued by the state government in Uttar Pradesh.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **AL-Yasir Exports Pvt Ltd** 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-Yasir Exports private Limited incorporated in the year 2007, is engaged in the trading of halal meat. Mr. Mohammad Rashid is director in the company and is at the helm of the affairs of the company. Its registered office is located at Guzari Bazar, Meerut and Processing unit is at Alipur Jijmana, hapur Road, Meerut, Uttar Pradesh.

Company Financial Performance

The sales of the company has been on a declining trend since FY17 as it came from over Rs. 100.00 Crs. in FY16 to Rs. 30.00 Crs. in FY18. The Networth of the company has been low over the years and stood at Rs. 1.69 Crs. as on 31 Mar 2018. The gearing of the company was high at 8.47 times (Total debt/TNW) and overall gearing (TOL/TNW) at 9.32 times as on 31 Mar 2019. The ISCR and current ratio also declined in the FY18. The profitability, although improved marginally in FY18, was still low.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	Jan, 2018	2017	2016
I	Fund Based	Long Term	8.00	BWR B (Pronounced as BWR Single B) Outlook: Stable Downgraded	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	-	-
	Total		8.00	₹ Eight Crores Only			

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

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	30.43	94.97
EBITDA	₹ Cr	1.22	1.28
PAT	₹ Cr	0.09	0.14
Tangible Net worth	₹ Cr	1.69	1.57
Total Debt/Tangible Net worth	Times	8.47	7.42
Current Ratio	Times	1.55	2.04

Hyperlink/Reference to applicable Criteria

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

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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.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.