



Rating Rationale

Al Ammar Frozen Foods Exports Pvt Ltd

10 Oct 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹6.90 Crores of Al Ammar Frozen Foods Exports Pvt Ltd (AAFFEPL)

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	6.65	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Non Fund Based	0.25	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	6.90	INR Six Crores and Ninety Lakhs Only	

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

Complete details of Bank Facilities is provided in Annexure - I

NOTE: AAFFEPL has not provided the audited financials of FY18 even as on 9.10.2018

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results upto FY17, **provisional financial of FY18**, projected financials of FY19, FY20 of Al Ammar Frozen Foods Exports Pvt Ltd publicly available information and clarifications as provided by the management.

The rating factors in the promoter's business experience, low gearing ratio and moderate net worth. The rating, however, is constrained by the delayed project execution, nascent stage of operations, foreign currency price risk, changes in government regulations and intensely competitive industry and Gap risk.

Going forward, the ability of the Company to stabilize its operations and achieve its projected revenue and profit along with improvement in capital structure will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths: One of the promoters of the Company has more than two decades of business experience, Networth of ₹16.41 Cr in FY18, Gearing ratio is at 0.85 times in FY18.

Credit Risks: Commercial production, scheduled to commence in June 2016, has commenced in May 2017, foreign currency price risk due to no hedging policy, sensitivity to government policies and Gap risk is related to provisional and audited financial data of FY18.

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 Ammar Frozen Foods 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 Ammar Frozen Foods Exports Pvt Ltd, incorporated in 2014, is engaged in processing and export of frozen Buffalo meat and its by-products. The Company, promoted by Mr. Mohd. Atif and Mr. Asif Qureshi, has its registered office in Delhi and processing unit at Aligarh, Uttar Pradesh. The unit is spread over an area of 41000 sq. mtr. with a capacity of slaughtering 1000 animals per day. Presently, the Company has permission for the slaughtering of 500 animals per day.

The Company had planned to commence its commercial production by June 2016. However, project execution got delayed and thereby the commercial production commenced in May 2017.

The Processing unit of the Company is registered with the Agriculture and Processed Food Products Export Development Authority and is certified by Hazard Analysis and Critical Control Points and International Organization for Standardization. License from Food Safety and Standards Authority of India and No Objection certificate from Uttar Pradesh Pollution Control Board has also been obtained.

Company Financial Performance

During FY18, on provisional basis, the Company has achieved a sale of ₹21.37 Cr and PAT of ₹0.06 Cr. Company has reported of achieving a revenue of ₹90.00 Cr during 6MFY19 business operations and has projected to achieve a revenue of Rs 230.57 Crs for FY 19.

Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	6.65	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	Not Rated		
2.	Non Fund Based	Short Term	0.25	BWR A4 (Pronounced as BWR A Four)			
Total			6.90	₹ Six Crores and Ninety Lakhs Only			

Status of non-cooperation with previous CRA (if applicable) - None

Any other information - None

Key Financial Indicators

Key Parameters	Units	2018	2019
Result Type		Provisional	Projected
Operating Revenue	₹ Cr	21.63	230.57
EBITDA	₹ Cr	4.41	10.91
PAT	₹ Cr	0.06	4.68
Tangible Net worth	₹ Cr	16.41	21.24
Total Debt/Tangible Net worth	Times	0.85	1.46
Current Ratio	Times	0.53	1.20

Hyperlink/Reference to applicable Criteria

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

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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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.

Annexure I

₹ Cr

Name of the Bank	Name of Facilities	Tenure	Amount Rated
Corporation Bank	Term Loan	Long Term	6.65
	Bank Guarantee	Short Term	0.25
Total			6.90