

RATING RATIONALE

20 Mar 2020

Al-Dua Food Processing Pvt Ltd

Brickwork Ratings reviews the ratings for the Bank Loan Facilities of Rs. 178.80 Crores of Al-Dua Food Processing Pvt Ltd based on the best available information, as the issuer did not cooperate.

Particulars

Facility	Tenure	Previous Amount (Rs. Cr.)	Current Amount (Rs. Cr.)	Previous Rating ** (27 Dec 2019)	Current Rating**
Fund Based	Long Term	175.80	175.80	BWR BBB+ (CE)# Stable	BWR BBB+ (CE)# Stable (Reaffirmed) Issuer did not Cooperate*
Non Fund Based	Short Term	3.00	3.00	BWR A3+ (CE)#	BWR A3+ (CE)# (Reaffirmed) Issuer did not Cooperate*
Total		178.80	178.80	Rupees One Hundred Seventy Eight crores and Eighty Lakhs only	

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

* Issuer did not cooperate, based on best available information.

**Standalone (unsupported) ratings reviewed at BWR BB- with stable outlook and BWR A4 under Issuer Non Cooperation, to Al-Dua Food Processing Pvt Ltd. for the bank loan facilities.

#CE rating recommendation took into account the comfort derived from corporate guarantee provided by Al-Hamd Agro Food Products Pvt Ltd. (Holding Company) to ensure servicing of debt obligations of AFPL.

NATURE OF NON-COOPERATION

Bank loan facilities availed by Al-Dua Food Processing Pvt Ltd.(AFPL or ‘the company’) were last rated in March 2019 and downgraded from BWR A- (SO) Stable / A2+(SO) to BWR BBB+(SO) stable/ A3+(SO) owing to change in the ownership of the company from MK Overseas Ltd to Al-Hamd Agro Products Pvt. Ltd.

The suffix “Structured Obligation” (SO) in the ratings took into account the credit enhancement available in the form of irrevocable corporate guarantee furnished by Al-Hamd Agro Food Products Pvt. Ltd. (holding company of Al-Dua Food Processing Pvt Ltd) (rated BWR BBB+/ A3+ on 21 Jan19) in favor of the lenders of the bank loan facilities availed by AFPL. The rated debt instruments do not involve structured payment mechanisms. Suffix S.O (Structured Obligation) was later replaced by CE (Credit Enhancement) as per rating advisory dated 14 Sep 2019 by BWR. In compliance with the regulatory guidelines, BWR had assigned unsupported ratings at BWR BB- (Stable) /BWR A4 to the company for its Bank Loan Facilities. For further details, the previous Rating Rationale may be accessed at



[https://www.brickworkratings.com/Admin/PressRelease/Al-Dua-Food-Processing-23Mar2019%20\(1\).pdf](https://www.brickworkratings.com/Admin/PressRelease/Al-Dua-Food-Processing-23Mar2019%20(1).pdf)

Despite repeated requests over emails followed by telephonic reminders to the client, we have not been provided with the rating mandate and other required information so as to enable BWR conduct review of the existing bank loan ratings of Al-Hamd Agro Food Products Pvt Ltd.(Corp. Guarantor), the bank loan rating of which has expired on 21 Jan 2020 . Further, despite repeated reminders over emails and phone calls, the client has not provided us the rating mandate and other required information to undertake a review of the existing bank loan rating of Al-Dua Food Processing Pvt Ltd. Under such circumstances, BWR is not in position to conduct credit risk assessment and maintain a valid rating.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress.

COMPANY PROFILE (As available with BWR in March 2019)

Al-Dua Food Processing P Ltd (AFPL) is now a part of Al-Hamd Group, and is engaged in the processing and exports of frozen buffalo boneless meat and meat products to countries such in South Asia, the CIS (Commonwealth of Independent States), Far East and traditional markets in the Middle East. Al-Hamd Group is promoted by Mohd. Zaheer, who has over four decades of experience in the cattle sale & purchase and meat processing industry. AFPL set up a unit in 2012 with a total installed capacity of 2,01,000 MTPA (integrated meat plant) at Aligarh, Uttar Pradesh.

Company Financial Performance (Al-Hamd Agro Food Products Pvt Ltd)

	Unit	FY18 (Aud)	FY19 (Aud)
Net Sales/Revenues	Rs. in Cr	1844.53	1327.73
EBIDTA	Rs. in Cr	41.87	58.20
PAT	Rs. in Cr	33.06	27.29
Tangible Net worth	Rs. in Cr	144.34	170.42
TOL/ TNW	Times	1.63	1.56
Current Ratio	Times	1.45	1.50

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NIL

RATING HISTORY

Instrument / Facilities	2020		Rating History			
			2019	28 March 2018	2017	
Bank Loans	Current Rating		27 Dec 2019			
	F B	Rs.175. 80 crs	BWR BBB+ (CE) Stable (INC)*	FB	Rs.175 .80 crs	BWR BBB+ (CE)** Stable
	N F B	Rs.3.00 crs	BWR A3+ (CE) (INC)*	NFB	Rs.3.0 0 crs	BWR A3+ (CE)**
				14 Sept 2019 Advisory issued by BWR for changing suffix from SO to CE^		
				23 March 2019		
				FB	Rs.175 .80 crs	BWR BBB+ (SO) Stable
			NFB	Rs.3.0 0 crs	BWR A3+ (SO)	
			FB	Rs.22 7.06 crs	BWR A- (SO) Stable	
			NFB	Rs3.0 0 crs	BWR A2+ (SO)	
			N.A			

*Issuer did not Cooperate. Based on the best available information.

**Standalone (unsupported) rating assigned at BWR BB- with stable outlook and BWR A4 to Al-Dua Food Processing Pvt Ltd. for the bank loan facilities.

^Advisory issued by BWR on 14Sept2019 changing the suffix from (SO) to (CE)

ANNEXURE I

Al-Dua Food Processing Pvt Ltd Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term {(₹ Cr)}	Total (₹ Cr)
1	HDFC Bank, ECG, Safdarjung Enclave, New Delhi	Working Capital	50.00	NIL	50.00
2		Term Loan	0.80	NIL	0.80
5	Bank of Baroda, IBB, Sansad Marg, New Delhi	Working Capital	125.00	NIL	125.00
6		BG	NIL	3.00	3.00
TOTAL			175.80	3.00	178.80

Total Rupees One Hundred Seventy Eight crores and Eighty Lakhs only.

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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

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