



## RATING RATIONALE

16 Mar 2020

### Al-Hind Exports

**Brickwork Ratings downgrades the ratings for the Bank Loan Facility of ₹. 9.50 crores of Al-Hind Exports.**

#### Particulars

Facility	Previous Amount (₹ Crs)	Present Amount Rated (₹ Crs)	Tenure	BWR Rating History (Feb, 2019)	Rating**
Fund Based	9.50	9.50	Long Term	BWR B- Stable Reaffirmed	BWR C+ Downgraded
<b>Total</b>	<b>9.50</b>	<b>9.50</b>	<b>INR Nine Crores and Fifty Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

#### RATING ACTION / OUTLOOK

BWR has downgraded the rating of Al-Hind Exports to BWR C+. The downgrade in the rating is on account of the declining scale of operations, high gearing levels, weak debt protection metrics, and occasional irregularities in the account. However, the rating drives strength from the rich experience of the partners.

#### KEY RATING DRIVERS

##### Credit risks

- **Declining scale of operations:** The total operating income has declined to INR 33.05 crores in FY 2019 from INR 73.27 crores in FY 2018 and as per the information from the management, the firm may only achieve the sales of INR 37.00 crores at the end of current financial year i.e. FY 2020.
- **High Gearing:** The gearing and overall gearing of the firm has remained high due to the low tangible net worth of INR 1.53 crores in FY 2019. Total Debt/TNW and TOL/TNW stands at 4.88x and 8.65x respectively in FY 2019.
- **Weak debt protection metrics:** The debt protection metrics of the firm is weak which is marked by DSCR and ISCR of 1.02x each in FY 2019. The trend will continue over the medium term.



- **Occasional irregularities in the account:** As per the banker's feedback, there are occasional irregularities in the payment of periodical interest which has an adverse impact on the financial risk profile of the firm.

### **Credit Strengths**

- **Experience of the partners:** The firm is benefited by the rich experience of the partners of more than two decades in the business of wholesale trading and exporting of frozen buffalo meat and frozen pet foods. The partners have in-depth knowledge of the business and have proven track record.

### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

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

### **RATING SENSITIVITIES**

Going forward, the ability of the firm to increase the scale of operations, improve profitability margins, infuse additional capital to ease gearing levels, and comfortable debt protection metrics will be the key rating sensitivities.

**Positive:** Any substantial increase in the turnover, profitability margins and improvement in the overall financial risk profile and liquidity profile.

**Negative:** Any steep decline in the turnover, profitability margins and deterioration in the overall financial risk profile and liquidity profile.

### **LIQUIDITY POSITION: Weak**

The liquidity profile of the firm stands weak marked by full utilization of the cash credit facility of INR 9.50 crores, modest cash & cash equivalents of INR 0.06 crores as on date. The current ratio and the quick ratio of 1.12x and 0.48x respectively in FY 2019 signifies below-average liquidity position.

### **FIRM'S PROFILE**

Al-Hind Exports is a Meerut-based partnership firm established in the year 2005 by three partners, Mr. Taufiq Elahi, Mr. Qasim Elahi and Mr. Liaquat Ali. The firm is engaged in wholesale trading and exporting of frozen buffalo meat and frozen pet foods. The firm exports meat to countries like China, Vietnam, Italy, Dubai.

**KEY FINANCIAL INDICATORS (in ₹ Cr)**

Key Parameters	Units	FY 19	FY 18
Result Type		Audited	Audited
Total Operating Receipts	₹ Crores	33.05	73.27
EBITDA	₹ Crores	1.20	1.21
PAT	₹ Crores	0.02	0.02
Tangible Net Worth	₹ Crores	1.53	1.33
TOL/TNW	Times	8.65	8.98
Current Ratio	Times	1.12	1.11

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA**

**RATING HISTORY**

Facility	Current Rating (2020)			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	Feb, 2019	2018	Dec, 2017
<b>Fund Based</b>	<b>Long Term</b>	<b>9.50</b>	<b>BWR C+</b> Downgraded	<b>BWR B-</b> <b>Stable</b> Reaffirmed	-	<b>BWR B-</b> <b>Stable</b> Downgraded
<b>Total</b>		<b>9.50</b>	<b>INR Nine Crores and Fifty Lakhs Only</b>			

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

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

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## AI-Hind Exports

### ANNEXURE I

#### 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.	Punjab National Bank	Cash Credit	9.50	-	9.50
<b>TOTAL</b>					<b>9.50</b>

#### Total Rupees Nine Crores and Fifty Lakhs Only

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