



Rating Rationale

AI-Hind Exports

1 Feb 2019

Brickwork Ratings revises/reaffirms the ratings for the Bank Loan Facilities of ₹. 9.50 Crores of AI-Hind Exports.

Particulars

Facility (Fund Based)	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Dec, 2017)	Present
Cash Credit	9.50	9.50	Long Term	BWR B- (Pronounced as BWR Single B minus) Outlook: <u>Stable</u>	BWR B- (Pronounced as BWR Single B minus) Outlook: <u>Stable</u> Reaffirmed
Total	9.50	9.50	INR Nine Crores and Fifty 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

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities

Brickwork Ratings has essentially relied upon the audited financial results upto FY 2018, projected financials of FY 2019, publicly available information and information/clarification provided by the firm's management.

The rating continues to draw strength from the rich experience of the partners. The rating is however, constrained by declining scale of operations, high gearing and weak debt protection metrics and occasional irregularities in the account.

Going forward, increasing scale of operations, bringing down the gearing by capital infusion, timely servicing of interest and efficient management of the working capital will be the key rating sensitivities.



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.

Credit Weaknesses

- **Declining scale of operations:** The total operating income has declined to INR 73.27 crores in FY 2018 from INR 81.72 crores in FY 2017 and as per the information from the management, the firm may only achieve the sales of INR 70.00 crores at the end of current financial year i.e. FY 2019.
- **High Gearing:** The gearing and overall gearing of the firm has remained high due to the low tangible net worth of INR 1.33 crores in FY 2018. Total Debt/TNW and TOL/TNW stands at 5.67x and 8.98x respectively in FY 2018.
- **Weak debt protection metrics:** The debt protection metrics of the firm is weak which is marked by DSCR and ISCR of 0.95x and 1.01x respectively in FY 2018. The trend will continue over the medium term.
- **Occasional irregularities in the account:** The firm is disadvantaged by the occasional irregularities in the interest payment as per the banker's feedback.

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 **AI-Hind Exports** 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 Firm

Established in the year 2005, Al-Hind Exports is a Meerut-based partnership firm commenced 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.

Liquidity Position

The concern's liquidity is supported by cash and cash equivalents of INR 0.03 crores in FY 2018. The total amount of fund based working capital facility of INR 9.50 crores which has been overutilized. The current ratio and quick ratio of the firm is 1.11x and 0.31x respectively in FY 2018 are considered inadequate.

Firm's Financial Performance

Key Parameters	Units	FY 2018	FY 2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	73.27	81.72
EBITDA	₹ Cr	1.21	1.27
PAT	₹ Cr	0.02	0.02
Tangible Net worth	₹ Cr	1.33	1.80
TOL/TNW	Times	8.98	6.91
Current Ratio	Times	1.11	1.19

Rating History for the last three years

S.No	Facility	Current Rating (Jan 2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Cash Credit	Long Term	9.50	BWR B- (Pronounced as BWR Single B minus) Outlook: <u>Stable</u> Reaffirmed	NA	BWR B- (Pronounced as BWR Single B minus) Outlook : <u>Stable</u> Downgraded	BWR B (Pronounced as BWR Single B) Outlook: <u>Stable</u> Reaffirmed
Total			9.50	₹ Nine Crores and Fifty Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)- Never

Any other information: NA

Hyperlink/Reference to applicable Criteria

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



For any other criteria obtain hyperlinks from website

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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

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