Rating Rationale

Al-Hind Exports

19th December 2017

Brickwork Ratings downgrades the rating for the bank loan facilities of Al-Hind Exports.

Particulars

Facility Rated	Previous Review Amount (Rs. Crs)	Current Review Amount (Rs. Crs)	Tenure	Previous Rating	Current Rating
Fund Based Cash Credit	9.50	9.50	Long Term	**BWR B** (Pronounced as BWR Single B) **Outlook : Stable**	**BWR B-** (Pronounced as BWR Single B Minus) **Outlook : Stable** **Downgraded**
Total	**9.50**	**Rs 9.50 Cr (INR Nine Crores and Fifty Lakh Only)**			

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

BWR downgrades long term rating for bank loan facilities of Al-Hind Exports to BWR B- (Outlook: Stable).

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While assigning the rating of Al-Hind Exports ('the firm'), BWR has factored in the partners' experience in the meat processing industry, firm's operating revenues, profitability margins, gearing, debt protection metrics, competition from peers and constitution of the firm. The rating draws comfort from the improvement in turnover as per FY17 and improved operating profit margins. The ratings are, however, constrained by decline in net profit margins, marked increase in receivables and elongation of receivables days, liquidity concerns attributable to high receivables, high gearing and weak debt protection metrics, besides competition from peers.

Key Rating Weakness

1. **High gearing:** Gearing (TOL/TNW) of the firm is high, however it has improved from 12.01 times in FY16 to 6.91 times in FY17.
2. **Weak debt protection metrics:** Debt protection metrics is weak as the firm's ISCR was 1.04 times in FY17.
3. **Low profit margins:** Net profit margins are low and have further declined from 0.03% in FY16 to 0.02% in FY17.
4. **Increase in receivable days: :** The firm is facing liquidity stress owing to elongation in receivable days from 27 days in FY16 to 43 days in FY17.
5. **Partnership Constitution:** Being a partnership firm, it is exposed to inherent risk of the partner's capital being withdrawn at a time of personal contingency, risk of dissolution and restricted avenues to raise capital which could prove a hindrance to its growth.
6. **Regulatory Risks**: The firm is subject to changing regulations for the meat processing industry.

Key Rating Strengths

1. **Growing scale of operations :** Total operating income has improved from Rs 77.39 Cr in FY16 to Rs 81.72 Cr in FY17
2. **Experienced partners:** Partners of the firm have more than a decade of experience.
3. **Improved operating profit margins:** It has improved from 0.97% in FY16 to 1.56% in FY17.

Analytical Approach:

BWR has factored into standalone business and financial risk profile of the Company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Rating Outlook: Stable

BWR believes the *Al-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 Company

Al-Hind Exports was established in the year 2005 at Meerut (U.P). It is managed by Mr. Taufeeque Elahi, Mr. Qasim Elahi and Mr. Liyaquat Ali. It is engaged in trading and exporting of frozen buffalo meat and frozen pet food.

Company's Financial Performance

Particulars	Units	FY2016 (Audited)	FY2017 (Audited)
Net Sales/Revenue	Crores	77.39	81.72
EBIDTA	Crores	0.75	1.27
PAT	Crores	0.03	0.02
Tangible Networth	Crores	1.64	1.80
TOL : TNW	Times	12.01	6.91
Current Ratio	Times	1.11	1.19

Total operating income has improved from Rs 77.39 Cr in FY16 to Rs 81.72 Cr in FY17 and PAT has declined from Rs 0.03 Cr in FY16 to Rs 0.02 Cr in FY17.

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/Facility	FY2018			Rating History		
		Type	Amount (Rs Crs)	Rating	FY2017	FY2016	FY15
1	Cash Credit	Long Term	9.50	**BWR B-** Outlook Stable Downgraded	BWR B	NA	BWR B
			Rs 9.50 Cr (INR Nine Crores and Fifty Lakh Only)				

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

Any other information: Not Applicable

Hyperlink/Reference to Applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Trading Entities**

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9, 30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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