



Rating Rationale

Al Jalil Exports

31 Oct 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 7.85 Crores of Al Jalil Exports.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (May, 2017)	Present
Fund based	5.10	7.85	Long Term	BWR B (Pronounced as BWR single B) Outlook: Stable	BWR B (Pronounced as BWR single B) Outlook: Stable (Reaffirmed)
Total	5.10	7.85	INR Seven Crores and Eighty Five Lakhs Only		

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

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results of FY18, and projections up to FY22 along with publicly available information, information/clarifications provided by the Firm's management.

The rating continues to factor Partners experience in the same line of business operations, Locational advantage of the unit, moderate gearing, and revenue visibility in the second half of 2018 . The ratings are however constrained by net losses, small scale of operations, stiff competition in the industry, working capital intensive nature of business, health risk of the finished goods and inherent risk.

Going forward the Firm's ability to increase its scale of operations and its profitability margins, and utilization of working capital efficiently, achieving the projected revenues of FY19 and timely repayment of debt obligations will be the key rating sensitivities of the Firm.



Description of Key Rating Drivers

- **Credit Strengths:** The Partners of the Firm have experience of more than a decade in the same line of business, Locational advantage of the unit as availability of farmer-producers and livestock in Mandya Karnataka.the firm has reportedly reached revenue of Rs 3 Crs from April 2018 to Sept 2018 . The gearing stood at 1.05 times in FY18. The firm has planned to have a tie up with some establishments as their customer ,accordingly discussions with Defence Department for supplying 40 tons of meat every week. is in the final stage
- **Credit Risks:** commercial operations commenced in April 2018 and hence the firm has reported revenues of Rs. 0.00 Crs in FY18 and PAT of Rs. (0.09) Crs in FY18, competition from many organised and unorganised players in the industry and inherent risk of firm being partnership.

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 Jalil 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

Al Jalil Exports is a partnership firm established on 15th July, 2016. located at Doddarsinakere village, Maddur Taluk, Mandya, Karnataka. The slaughterhouse of the firm is at SY No 101/4, Doddarsinakere village, Maddur Taluk, Mandya, Karnataka. The extent of converted land is 28 guntas. The land is standing in the name of Sri.Ramanna who is the husband of one of the Partners Smt.D. T Sudha.The land is on a lease basis to the firm The rent agreement dated 2.1.2017 is executed between Sri Ramanna & M/s Al Jalil Exports for a period of 10 Years and rent is Rs. 50,000 per month.The firm has its modern slaughter house equipped with standard facilities to slaughter 1500 small ruminants per day. Firm has total installed capacity of 450000 animals slaughter per year and expecting a capacity utilization of 60% in the initial years . As informed by management the firm is in discussion with Defence Department Bangalore for supplying 40 tons of meat every week and awaiting the order copy. Currently the firm is



supplying the finished product to Tender meat, Orion Business, Metro Store and other local markets.

Firm Financial Performance

As per FY18 audited financials the Firm has reported revenue of Rs. 0.00 Crs and PAT of Rs. (0.09) Crs.

Rating History for the last three years

S.No	Facility	Current Rating 2018			Rating History		
		Type	Amount (₹ Crs)	Rating	5.5.2017	2016	2015
	Fund Based	Long Term	7.85	BWR B (Pronounced as BWR Single B) Outlook:Stable (Reaffirmed)	BWR B (Pronounced as BWR Single B) Outlook:Stable	Not Rated Earlier	Not Rated Earlier
	Total		7.85	₹ Seven Crores and Eighty Five Lakhs Only			

Status of non-cooperation with previous CRA -Reason and comments : Nil

Any other information : Nil



Key Financial Indicators

Key Parameters	Units	2017	2018	2019	2020	2021	2022
Result Type		Audited	Audited	Projected	Projected	Projected	Projected
Operating Revenue	₹ in Crs	0.00	0.00	163.24	175.80	188.36	188.36
EBITDA	₹ in Crs	(0.03)	(0.09)	1.84	2.04	2.24	2.19
PAT	₹ in Crs	(0.03)	(0.11)	0.46	0.53	0.73	0.80
Tangible Net worth	₹ in Crs	0.99	7.54	2.21	2.75	3.47	4.27
Total Debt/Tangible Net worth	Times	1.93	1.05	2.26	1.70	1.18	0.79
Current Ratio	Times	10.61	1.86	1.87	2.06	2.20	2.46

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Venkatesh</i> <i>CGM-Ratings</i> analyst@brickworkratings.com	media@brickworkratings.com Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	



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

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