

**Rating Rationale**

Al-Saqib Exports Pvt. Ltd.

8 March,2019

**Brickwork Ratings reviews the ratings for the Bank Loan Facilities of ₹. 30.00 Crores of Al-Saqib Exports Pvt. Ltd..**

**Particulars**

Issue	Previous Amount (₹ Crs)	Present Amount Rated (₹ Crs)	Tenure	BWR Rating History	Rating*
				November 2017	
Fund Based Cash Credit	(2.00)	-	Long Term	<b>BWR B+</b> (Pronounced as Single B Plus) Outlook: Stable (Issuer non cooperating)	<b>Withdrawn</b>
Fund Based Packing Credit FOBP	19.00 (19.00)	20.00 10.00	Short Term	<b>BWR A 4</b> (Pronounced as BWR A Four) (Issuer non cooperating)	<b>***BWR A 4+</b> (Pronounced as BWR A Four) Upgrade
<b>Total</b>	19.00	30.00**	<b>₹ Thirty Crores only</b>		

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

\*\*As per sanction, 100% interchangeability of PC limit and post shipment limit both sides within overall sanction of Rs 30 Crs.

\*\*\*The proposed rating of BWR BB (Stable) is mapped with BWR A4+

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon the audited financial results of the Company upto FY18, provisional (till December) and projected financials for FY19, FY20 and select financial data for current financial year, publicly available information and information/clarifications provided by the management.

The rating draws strength from the strong growth in revenues in last and current financial year wherein the revenue grew from Rs.49.49 Cr. in FY18 to Rs.101.61 Cr. till December, FY19 and expected to achieve Rs.154.43 Cr. in FY19, and it also factors vast experience of the promoters in the field of meat processing and export. The rating is further supported by low gearing, above average debt protection metrics and comfortable liquidity.

The rating, however, is constrained by weak profit margins and adverse effect of the changes in the rules & regulations with respect to the meat industry.

Going forward the company's ability improve profitability will be the key rating sensitivities.



## Description of Key Rating Drivers

### Credit Strengths:

- **Extensive experience of Promoters** in the field of meat processing and export business.
- **Healthy debt Protection Metrics** i.e. ISCR at 2.75X in FY19 (Dec,18 Provisional) is considered good and depict ability of the firm to service its debt payments on time. As there is no interest bearing debt in FY18 we have not commented on ISCR for that year.
- **Comfortable Liquidity** i.e. Current Ratio in FY18 and FY19 (Dec,18 Provisional) at 1.70X and 1.44X respectively are considered good. Utilization of PC is 95%.
- **Growth in Turnover** : Against Sales of Rs.49.49 Crs in FY18 the company has achieved sales figure of Rs.101.61 Cr. till December, 2018 and they have projected to close FY19 at Rs.154.43 Crs.
- **Gearing(Analysed) and Overall Gearing** in FY18 are at 0.14X and 0.58X respectively which are considered low. Due to increase in Debt in FY19 (Provisional), Gearing (Analysed) and overall gearing have increased at 1.39X and 1.94X respectively.

### Credit Risks:

- **Weak Profit Margins** i.e. Net Profit Margins and Operating Profit Margin in FY18 are at 0.79% and 4.10% respectively. NPM and OPM have come down to 0.77% and 3.26% in FY19 (Dec,18 Provisional).
- **Regulatory Risk** : The industry is highly regulated by the government. Any changes in existing regulatory framework/ environment may adversely affect the profitability of the company.

## 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-Saqib Exports Pvt. Ltd.** 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

M/s Al-Saqib Exports Private Limited, registered with Registrar of Companies, NCT of Delhi and Haryana got incorporated on 24.04.1996. The company is in business of buying, selling, manufacturing, refining, importing, exporting and dealing in Meat products, Meat, bone products and all substances, apparatus. The company has also forayed as manufacturer, processor, exporter, importer, dealer, distributor of all kinds of frozen foods, frozen fruits and vegetables and other allied vegetarian & Non-vegetarian food products.

**Liquidity Position :** Comfortable Current ratio of the Company at 1.70X in FY18. The company has availed a PC of Rs.20.00 Cr. with generally 95% utilization.

## Company Financial Performance

During FY18, the company reported net revenues of Rs.49.49 Crs and PAT of Rs.0.39 Crs. According to the provisional financials (till December) and the information provided by the management, the company has clocked a revenue of Rs.101.61 Crs for nine month period ending December,2018 of current financial year and projecting to achieve Rs.154.43 Cr. by the end of current financial year, FY19.

### Key Financial Indicators

Key Parameters	Units	2018	31/12/18 (Prov.)
<b>Result Type</b>			
Operating Revenue	₹ Cr	49.49	101.61
EBITDA	₹ Cr	2.03	3.32
PAT	₹ Cr	0.39	0.79
Tangible Net worth (Analysed)	₹ Cr	19.56	28.59
Total Debt/Tangible Net worth (Analysed)	Times	0.14	1.39
Current Ratio	Times	1.70	1.44

## Rating History for the last three years

S.No	Instrument /Facility	Current Rating (March,2019)			Rating History		
		Type (Long Term/	Amount (₹ Crs)	Rating	Nov, 2017	April, 2016	April, 2013



		Short Term)					
	<b>Fund Based Cash Credit Packing Credit FOBP</b>	Long Term Short Term Short Term	- 20.00 10.00	<b>**BWR A 4+ (Pronounced as BWR A Four plus) Upgrade</b>	<b>BWR B+ (Pronounced as Single B Plus) Outlook: Stable (Downgrade) (Issuer non cooperating)</b>  <b>BWR A 4 (Pronounced as BWR A Four) (Reaffirm) (Issuer non cooperating)</b>	<b>Not Reviewed</b>	<b>BWR BB- (Pronounced as Double B Minus) Outlook: Stable</b>  <b>BWR A 4 (Pronounced as BWR A Four)</b>
	<b>Total</b>		<b>30.00*</b>	<b>₹ Thirty Crores Only</b>			

\*As per sanction, 100% interchangeability of PC limit and post shipment limit both sides within overall sanction of Rs 30 Crs.

\*\*The proposed rating of BWR BB (Stable) is mapped with BWR A4+

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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.

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