

Rating Rationale

Brickwork Ratings assigns rating of ‘BWR B’ to Al-hind Export’s Bank Loan facilities amounting to ₹ 9.50 Cr.

Brickwork Ratings assigns the **Ratings**¹ for Bank Loan facilities aggregating ₹ 9.50 Cr of Al-hind Exports (or ‘Firm’) availed from Punjab National Bank as:

| Facility | Amount (₹ Cr) | Tenure | Rating |
|--------------------------------------|------------------|--|---|
| <u>Total Fund Based limit</u> | | | |
| Cash Credit | 9.50 | Long Term | BWR B (Pronounced BWR Single B) Outlook: Stable |
| Total | 9.50 | INR Nine Crore and Fifty Lakhs only | |

BWR has essentially relied upon the audited financials of FY13 & FY14, FY15, projections of FY16 & FY17 of Al-Hind Exports, publicly available information and information/clarification provided by the firm’s management. The rating primarily reflects the performance of the firm in FY14 & FY15.

The firm is primarily involved in trading of buffalo beef. The rating is primarily constrained by inherently low profitability associated with beef trading business, stretched debt protection and low probability of achieving projected sales for the current year FY16 in view of the current problems in beef industry and major sales were domestic sales ~89% in FY15. However, the firm draws strength from experienced promoters, efficient conversion cycle and increase in top line in FY15. The rating also considers firm’s plan to have increase export sales to mitigate local market risk.

Background:

Al-Hind Exports was established in the year 2005 in the state of Uttar Pradesh and is engaged in trading of buffalo beef. The firm was started with the intention of export buffalo beef to china, West Africa, Middle East Kuwait and Vietnam. Currently the firm derives ~11% from export 89% from sale within the state. The firm was also briefly engaged in Trading and exporting of Frozen Pet Food, Live Buffalos, Hides, Skins, etc to diversify its risk but has currently found demand in the domestic market for buffalo beef. It also uses modern materials for packaging include master carton, vacuum poly packs to increase the shelf life. The firm meets the logistics and transportation requirements on rental basis.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management:

The partners Mr. Taufeeque Elahi has 22 years of experience in the relevant line, Mr. Qasim Elahi has 18 years of experience and Mr Liyaquat Ali has 16 years of experience in the line of beef trading.

Financial Performance:

The Net sales of the firm was ₹42.90 Cr in FY14 and ₹49.05 Cr in FY15. The net profit was ₹0.02 Cr i.e 1.44% in the same year.

Rating Outlook:

The outlook for the firm for the next one year is expected to be stable. Going forward the firm's ability to improve debt coverage, scale up operations with the increased working capital limits withstanding external factors directly affecting buffalo beef industry will remain the key rating sensitivities

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| Analyst Contact | Relationship Contact |
| analyst@brickworkratings.com | bd@brickworkratings.com |
| Phone | Media Contact |
| 1-860-425-2742 | media@brickworkratings.com |

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