



RATING RATIONALE

09 Oct 2019

Fauji Exim Pvt Ltd

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 19.00 Crores of Fauji Exim Pvt Ltd ('FEPL' or the 'company')

Particulars

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Jun, 2018)	Present
Fund based	19.00	19.00	Short Term	BWR A4	BWR A4* Reaffirmed
Total	19.00	19.00	INR Nineteen Crores Only		

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

** Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

* Mapped with BWR BB-/Stable

RATING ACTION

BWR has reaffirmed the rating of Fauji Exim Pvt Ltd as BWR A4. The reaffirmation in the rating reflects the long experience of the promoters, and growing turnover. The rating, however, is constrained by thin profitability margins, and weak financial risk profile.

KEY RATING DRIVERS

Credit Strengths

- **Experienced promoters:** The key promoter of the company, Mr. Deepak Chauhan carries long experience of over a decade in the line of business which has helped the company to establish a healthy relationship with its customers as well as suppliers.



- **Growing turnover:** The company has registered 25.55% growth in revenue as the turnover of the company stood at INR 98.82 crores in FY 2018 as against INR 78.71 crores in FY 2017. Although, the revenue has declined to INR 86.70 crores as per FY 2019 provisional on account of slowdown in the demand from the countries to which the company exports but the demand is expected to pick-up in the medium term hence the revenue of the company may get a boost.

Credit Weaknesses

- **Thin profitability margins:** The profitability margins marked by OPM and NPM have remained thin at 0.12% and 0.17% respectively in FY 2018 and it has declined as well when compared with 0.52% and 0.25% respectively in FY 2017.
- **Weak financial risk profile:** The financial risk profile of the company is weak as the gearing levels marked by Total Debt/TNW and TOL/TNW is high at 5.48x and 6.54x respectively in FY 2018. The tangible net worth at INR 3.36 crores in FY 2018 is low when compared with the debt levels. Further, the debt protection metrics especially ISCR of 0.10x in FY 2018 is poor.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has considered the standalone financials of the firm. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

RATING SENSITIVITIES

Going forward, the ability of the company to achieve the projected sales, improve the profitability margins, efficiently manage its working capital facilities and comfortable financial risk profile will be the key rating sensitivities.

LIQUIDITY POSITION

The company's liquidity position is supported by cash and cash equivalents of INR 0.41 crores in FY 2018. The fund based working capital limit of INR 19.00 crores has been utilized to the extent of 95% which indicates tight liquidity position of the company. The current ratio and quick ratio of the company stood at 1.31x and 0.81x which is inadequate. The overall liquidity position is poor.

COMPANY PROFILE

Incorporated in the year 2006, Fauji Exim is a Delhi-based private limited company engaged in trading of rice, sugar, and wheat flour. The company also exports the goods to countries like UAE, Oman, and Jordan. Mr. Deepak Chauhan is the key promoter of the company and looks after day to day operations.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY 18	FY 17
Result Type		Audited	Audited
Total Operating Revenue	₹ Crores	98.82	78.71
EBITDA	₹ Crores	0.12	0.41
PAT	₹ Crores	0.17	0.20
Tangible Net Worth	₹ Crores	3.36	3.61
TOL/TNW	Times	6.54	6.65
Current Ratio	Times	1.31	1.27

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: CRISIL A4 under INC as on 15 May 2019

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

RATING HISTORY

Facility	Current Rating			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	12 Dec 2018	2017	2016
Fund Based	Short Term	19.00	BWR A4 Reaffirmed	BWR A4 Assigned	NA	NA
Total		19.00	INR Nineteen Crores Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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

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Fauji Exim Pvt Ltd

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1.	OBC	Packing Credit	-	19.00	19.00
TOTAL					19.00

Total Rupees Nineteen Crores only.

For print and digital media

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