



## Rating Rationale

Al-Raheem International Pvt Ltd

1Mar2019

**Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of ₹. 8.63 Crores of Al-Raheem International Pvt Ltd.**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Aug, 2016)	Present
Fund based Cash Credit	7.50	7.50	Long Term	BWR B (Outlook:Stable) (Pronounced as BWR Single B)	BWR B+ (Outlook:Stable) (Pronounced as BWR B Plus) (Upgraded)
Term Loan	1.92	1.13*	Long Term		
<b>Total</b>	<b>9.42</b>	<b>8.63</b>	<b>INR Eight Crores and Sixty Three Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
RNR on 7 August 2018. Term Loan Outstanding as on 11 Feb 2019

**Ratings: Upgraded**

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

BWR has essentially relied on Audited financials upto FY 18, projections upto FY 21, publicly available information and information/clarification provided by company's management

The ratings factor inter-alia experience of promoters, locational advantage of manufacturing unit and modest profit margins. The ratings are constrained by Small scale of operations with reduced revenue, high gearing ratio, susceptibility to foreign exchange fluctuation risk and raw material price fluctuation, and negative debt service coverage ratio



## Description of Key Rating Drivers

- **Credit Strengths:**

The Promoter Mr Sageer Ahmad has experience of two decades and Mrs Nasreen Banno has experience of over a decade. The Operating Profit Margin is 6.89% in FY 18 increased from 3.96% in FY 17. and Net profit margin stands at 0.23% in FY 18 an increase from 0.12% in FY17 although net profit margin is low

- **Credit Risks:**

Small scale of operations with reduced revenue from Rs 34.45 Crs in FY 17 to Rs 21.78 Crs in FY 18 The gearing for FY 18 stands at 6.75 times and Debt coverage ratio is at 0.63 times in FY 18. Foreign currency price risk since no hedging policy

## 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-Raheem International 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-Raheem International Pvt Ltd was incorporated as a private limited company in 2013. Its registered office is located in Meerut Uttar Pradesh. The company is engaged in manufacturing and trading of Pet Foods(Dog Food). In July 2016 Al-Raheem International( Proprietorship concern with Mr Sageer Ahmed as proprietor) has merged with Al-Raheem international Pvt Ltd

**Company Financial Performance**

The Total Operating Income for FY 17 stands at Rs 34.45 Crs while the same for FY 18 stands at Rs 21.78 Crs. The Tangible Net worth for FY 17 stands at Rs 2.01 crs while for FY 18 stands at Rs 2.07 Crs

**Rating History for the last three years**

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	30.8-.016	2015	2014
1)	Fund Based Cash Credit	Long Term	7.50	BWR B+ (Outlook: Stable) (Pronounced BWR B Plus) (Upgraded)	BWR B (Outlook:Stable) (Pronounced BWR Single B)	Not Rated	Not Rated
2)	Term Loan		1.13				
<b>Total</b>			<b>8.63</b>	<b>₹ Eight Crores and Sixty Three Lakhs Only</b>			

rating Not reviewed was done on 7.8.2018 Status of non-cooperation with previous CRA -Not to our knowledge , Any other information- Nil



**Key Financial Indicators**

Key Parameters	Units	2018	2017
<b>Result Type</b>			
Operating Revenue	Crores	21.78	34.45
EBITDA	Crores	1.50	1.37
PAT	Crores	0.05	0.04
Tangible Net worth	Crores	2.07	2.01
Total Debt/Tangible Net worth	Times	6.75	4.74
Current Ratio	Times	1.85	2.13

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Entity](#)

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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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