

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating to ₹ 19 Cr of Al-Saqib Exports Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of ₹ 19 Crores of Al-Saqib Exports Pvt Ltd.

Facility	Tenure	Amount (₹ Cr)	Rating
Fund Based / Working Capital Limits	Long Term	2.00	BWR BB- (BWR Double B Minus) (Outlook: Stable)
Fund Based PC	Short Term	19.00	BWR A4 (BWR A Four)
Non Fund Based FOBP/FOUBP/FABC/FA UBC/FOBNLC/FOUBLN C Limits		19.00	
Total		19.00 (INR Nineteen Crores only)	

Sub Limit: FOUBP/FAUBC of ₹ 3.00 Crores

The rating has factored, inter alia, the promoter's experience in the field, and steady growth in revenue over the last three years and substantial growth in revenue for FY13 as per the provisional financials provided by the company because of the export sales. However the rating is constrained by low profit margins, high leverage position, low tangible networth and higher receivables level.

BWR has principally relied upon the company's audited financial results up to FY12, provisional financials of FY13, publicly available information, and information/clarifications provided by the Company's management.

Background

Al-Saqib Exports Pvt Ltd (ASEPL) was incorporated in 1996 in New Delhi by Mr M.D. Shahid Qureshi. The Company is involved in meat processing and export of frozen meat. The companies' integrated Meat Complex is located at Meerut City of Uttar Pradesh in India. It has been designed and built to meet most stringent EEC and US FDA standards. In this vertically integrated plant, the main products mainly, Corned Buffalo & Frozen Meat are pressed on the

¹ Please refer to BWR website www.brickworkratings.com for definition of the Rating

upper floor while the inedible by Products processing is carried out on the ground floor to maintain plant hygiene standards.

Business Operations

The Al-Saqib Exports Pvt. Ltd. operate in modern integrated complex incorporating live-stock quarantine facilities, mechanized abattoirs, chilling, deboning, packing, freezing and cold storage facilities at strategic locations, and also own a fleet of 12 refrigerated and insulated trucks for movement of the finished products from the manufacturing units to the 1250 M.T. Central Cold Storage facilities and subsequently to the Ports. The export of meat by Al-Saqib Exports Pvt. Ltd. covers lots of countries in South East Asia, Middle East, Africa and the Pacific Basin Nations. The company is HACCP, APEDA, HALAL and ISO 9001 Certified company. The Company also dose job work for other frozen meat export houses.

Financial Performance

The revenue from operations had been increasing consistently from FY09 till FY11, there was a drop in revenue in FY12 as the company had lesser job work orders for FY12. Export sales have resulted in an increase of revenue from ₹ 37.66Crores in FY12 to ₹ 101.16Crores in FY13 as per the provisional figures provided by the company. Profit After Tax margins as a percentage of turnover was around 0.21% for FY12. The company is highly leveraged with debt equity ratio of 4.94 times for FY12. The firm's tangible net worth stood at ₹ 4.70Crores for FY12, which is expected to improve in FY13 as the promoters have increased the capital from ₹ 0.65Crores to ₹ 8.49Crores as per the provisional figures provided by the company for FY13.

Rating Outlook

Al-Saqib Exports Pvt. Ltd.'s operating performance over the next year is considered stable. Demand for froze meat is quite high, though the competition is also increasing. Ability of the firm to increase its topline, improve margins, lower the leverage position, increase the long term funds and reduce the receivables level are considered the key rating sensitivities.

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