

June 10, 2019

Fair Exports (India) Private Limited: Ratings reaffirmed; outlook revised to positive and ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund based - Working Capital Facilities	195.0	195.0	[ICRA]A2; rating reaffirmed and concurrently withdrawn
Term Loans	72.50	72.50	[ICRA]BBB+ (Positive); reaffirmed, outlook revised from Stable and rating concurrently withdrawn
Total	267.50	267.50	

*Instrument details are provided in Annexure-1

Rationale

The ratings have been withdrawn in accordance with ICRA's policy on withdrawal and suspension, and as desired by the company on receipt of no objection certificate provided by the bankers.

While withdrawing the ratings, ICRA has also reviewed the performance of the entity based on which it has reaffirmed the ratings and revised the outlook to Positive from Stable. The revision in the outlook factors in the healthy revenue growth registered by the Fair Group (Fair Exports India Private Limited; FEIPL and its 100% subsidiary – Amroon Foods Private Limited; AFPL) over the last two years and that expected over the medium term, supported by its established operational track record in the buffalo meat industry, sizeable and integrated nature of its processing capacity, established clientele and wide geographic presence.

Outlook: Positive

The Positive outlook reflects ICRA's expectation that Fair Group will continue to benefit from its established operational track record, being part of well-established Lulu Group, extensive experience of its promoters and sizeable manufacturing capacity, which should enable it to register steady revenue growth and maintain profit margins. The outlook may be revised to Stable if the revenue growth and the cash accruals are lower than expected, or if any major capital expenditure, or stretch in the working capital cycle, weakens liquidity.

Key rating drivers

Key rating drivers have not been captured as the rated instruments are being withdrawn.

Liquidity position

Liquidity position has not been captured as the rated instruments are being withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation / Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Fair Exports (India) Private Limited. As on March 31, 2019, the company had one subsidiary (enlisted in Annexure-2).

About the company

Fair Exports (India) Private Limited (FEIPL) processes and exports frozen buffalo meat and trades other items such as fruits, vegetables and garments. Amroon Foods Private Limited (AFPL), a 100% subsidiary of FEIPL, also processes and exports frozen buffalo meat. FEIPL and AFPL have fully-integrated facilities in Uttar Pradesh and Maharashtra. The Group is part of the Indian operations of the well-established Lulu Group (EMKE Group) promoted by Mr. Yusuff Ali M.A. The Lulu Group is headquartered in Abu Dhabi.

Key financial indicators (Consolidated)

	FY2017	FY2018
Operating Income (Rs. crore)	1851	2306
PAT (Rs. crore)	51	58
OPBDITA/OI (%)	5.4%	5.2%
RoCE (%)	20.3%	18.7%
Total Debt/TNW (times)	1.8	1.4
Total Debt/OPBDITA (times)	3.3	2.9
Interest coverage (times)	6.7	7.0

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

Current Rating (FY2020)					Chronology of Rating History for the past 3 years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating June 2019	Date & Rating in FY2018 March 2018	Date & Rating in FY2017 Dec 2016	Date & Rating in FY2016 -
1 Fund based- Working Capital Facilities	Short Term	195.0	-	[ICRA]A2; withdrawn	[ICRA]A2	[ICRA]A3	-
2 Term Loans	Long Term	72.50	72.50	[ICRA]BBB+ (Positive); withdrawn	[ICRA]BBB+ (Stable)	[ICRA]BBB- (Stable)	-

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based- Working Capital Facilities	-	-	-	195.0	[ICRA]A2; withdrawn
NA	Term Loans	2016	~9.0%	2022	72.50	[ICRA]BBB+(Positive); withdrawn

Source: Fair Exports (India) Private Limited

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Amroon Foods Private Limited	100%	Full Consolidation

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