

**Brickwork Ratings assigns the ratings for the Proposed Bank Loan Facilities of ₹. 20.00 Crores of Heritage Farms.**

**Particulars**

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based</b>			
Cash Credit (Proposed)	<b>7.50</b>	<b>Long Term</b>	<b>BWR B+</b> (Pronounced as BWR Single B Plus) <b>(Outlook:Stable)</b>
Packing Credit (Proposed)	<b>7.50</b>		
Term Loan (Proposed)	<b>3.00</b>		
<b>Non Fund Based</b>			
LC/BG (Proposed)	<b>2.00</b>	<b>Short Term</b>	<b>BWR A4</b> (Pronounced as BWR A Four)
<b>Total</b>	<b>20.00</b>	<b>INR Twenty Crores Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

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

BWR has essentially relied upon the audited financial statement upto FY17, FY18, and Projections financials upto FY20 and publicly available information and information/clarifications provided by the Concern.

The ratings draw comforts from experience of the proprietor in agro trading, long track record of operations, liquidity position & increasing Top line. However the assigned rating is primarily constrained by Low net worth, decreasing OPM & NPM, Low financial risk profile, Low debt coverage indicator, Working capital intensive nature of operations, Limitations of proprietorship concern in terms of finances and management decision & Inherent risk of Exchange Rates Fluctuations as the firm is engaged in the business of exports etc.

**Description of Key Rating Drivers**

**Credit Strengths:**

- Experience of the promoters is around one decade in the field of Agro trading.
- Top line increased to 26.11Cr in FY18 VS 4.37 Cr in FY17. TOI is projected to increase to 101.08 Cr in FY19. The sale level remains at a Moderate level.
- Liquidity Position is good with Current ratio of 5.98x in FY18 as against 1.17x in FY17. Though the same is projected to decline to 1.34x in FY19, but the same is at an acceptable level.



- Long track record of operations.

#### **Credit Risks:**

- High gearing ratio reflected by 2.18x in FY18 as against 0.07x in FY17 but the Projected Gearing Ratio is quite high at 5.86x for FY19.
- OPM is at a low level of 3.47% in FY18 & is projected at still low level of 2.31 % in FY19.
- NPM level is also at a low level of 2.38% in FY18 & is projected at still low level of 0.19% in FY19.
- Low NET WORTH.
- Coverage ratios are projected at a lower level with ISCR of 1.65x & DSCR of 0.89x in FY19, which are quite weak.
- Implementation schedule is uncertain & that should be in line with the Projections.
- Working capital intensive nature of operations.
- Limitations of proprietorship concern in terms of finances and management decision.
- Inherent risk of EXCHANGE RATES FLUCTUATIONS as the firm is engaged in the business of exports.

#### **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 **Heritage Farms** 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 Concern**

Heritage Farms (HF) is a proprietorship concern established in April 2009 located at Navi Mumbai, Maharashtra. Presently the concern has one cold storage at Plot No. 97, Sector 19A, Near APMC Market, Behind Commodity Exchange Building, Vashi, Navi Mumbai-400705. Mr. Abdul Salam Amrullah is the proprietor of the concern and has experience of 9 years in the same line of business. It is engaged in Trading And Export of Agro Products. The concern initially started with a trading of vegetable and fruits. As the business continued to grow, the concern started diversifying into trading of other general agricultural commodities like Dal, Rice, Wheat, corn etc. HF has entered into an agreement with Abdul Ghani Al Molla General Trading LLC in Dubai, UAE for supply of food materials / agriculture commodities such as Rice 1121 Sella Basmati Rice, Rice PR 11 Steam, Maize Grit, Long Basmati Rice, Chana Dal, Green Chilli Lemon and onion for value of Rs. 50 Cr in the next one year. Firm procures agro product directly from farmers & sold within India & Gulf countries. Now Heritage farm exports almost 60 varieties of fruits & vegetables apart from other agricultural commodities.



### Concern Financial Performance

Net Sales has increased from ₹4.37Cr in FY17 to ₹26.11Cr in FY18. PAT has increased from ₹0.09Cr in FY17 to ₹0.62Cr in FY18. The concern reported revenue from 1st April to 30th September ₹.49.50Cr.

### Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	18.00	<b>BWR B+</b> (Pronounced as BWR Single B Plus) <b>(Outlook:Stable)</b>	-	-	-
2	Non Fund Based	Short Term	2.00	<b>BWR A4</b> (Pronounced as BWR A Four)	-	-	-
	<b>Total</b>		<b>20.00</b>	<b>₹ Twenty Crores Only</b>			

Status of non-cooperation with previous CRA (if applicable):NA

Any other information:NA

### Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	4.37	26.11
EBITDA	₹ Cr	0.08	0.91
PAT	₹ Cr	0.09	0.62
Tangible Net worth	₹ Cr	0.33	3.90
Total Debt/Tangible Net worth	Times	0.07	2.18
Current Ratio	Times	1.17	5.98

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)



- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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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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