



**Rating Rationale**

**Himadri Foods Ltd**

**14 Sep 2018**

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 57.00 Crores of Himadri Foods Ltd.**

**Particulars**

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (February, 2018)	Present
Fund based	31.80	47.00	Long Term	BWR BBB- (BWR Triple B Minus) Outlook: Stable)	BWR BBB- (BWR Triple B Minus Outlook: Stable)
Non Fund Based	10.50	10.00	Short Term	BWR A3 (BWR A Three)	BWR A3 (BWR A Three)
<b>Total</b>	<b>42.30</b>	<b>57.00</b>	<b>INR Fifty Seven Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

**Ratings: Reaffirmed**

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

BWR has relied upon Himadri Foods Ltd's (HFL) audited financial results up to FY17, provisional financials of FY18 and projected financials of up to FY19, the information/clarifications provided by the company and the information available on the public domain.

The ratings, inter alia, factor established track record of the management in food processing business, long standing relationship of the company with its customers, strong distribution network across India and markets like Europe and USA, wide product portfolio and increasing scale of business due to recent production capacity expansion.

The ratings however continue to remain constrained by intense competition from established players in the market, susceptibility of profit margins due to volatile raw material prices, Company's exposure to foreign markets leading to inherent risk of forex fluctuations and higher working capital cycle due to nature of industry.



#### **Credit Strengths:**

- Rich experience (since 1957) of promoter in spice processing industry.
- Long standing relations with reputed customers in the market.
- Strong presence in domestic as well as international markets.
- Repeat Business reflecting HFL's strong reputation in the market.
- Exclusive manufacturing rights for famous US spice brand "Swaad".
- Comfortable capital structure.
- Improved profitability margins Y-o-Y.
- Strong revenue visibility in near future.

#### **Credit Concerns:**

- Intense competition from well established players in the market.
- Susceptibility of profit margins due to volatile raw material prices.
- The company is exposed to exchange risk.
- High working capital cycle due to nature of industry.

#### **Rating Outlook: Stable**

BWR believes the Himadri Foods Ltd's 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**

Himadri Foods Limited (HFL) is an established manufacturer of basic and blended Spices having its' production facilities at Rabale and Mahape in Navi Mumbai. The company sells basic & blended spices in bulk to Exporters, Wholesalers and Big Retail chains. The company sells its products under its own brand name 'HIMADRI' is presently reputed to exporters, Retail chains and Distributors/Wholesalers. Currently the market presence is in Maharashtra, Gujarat, Bihar, Jharkhand, West Bengal & Assam & most of the parts in India through 1500 outlets of CSD (Canteen Stores Department). HFL is primarily managed by Mr. Sanjay Karani & Mrs. Heena Karani.

#### **Company's Financial Performance**

The Company has achieved Rs. 83.04 Cr of net sales in FY 17, as against Rs. 47.77 Cr of revenue in FY16. The company reported net profit of Rs. 3.26 Cr in FY17 as against net profit of Rs. 1.28 Cr in FY16. As per provisional financials for FY18, the Company has achieved revenue of Rs. 91.51 Cr and net profit of Rs. 9.30 Cr.



### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	FY18	FY17	FY16
	<b>Fund Based</b>						
1.	<b>CC/PC/WCDL</b>	Long Term	22.00	<b>BWR BBB-(Stable)</b>	<b>BWR BBB-(Stable)</b>	-	-
2.	<b>Term Loan</b>	Long Term	25.00	<b>BWR BBB-(Stable)</b>	<b>BWR BBB-(Stable)</b>	-	-
	<b>Non Fund Based</b>						
3.	<b>Letter of Credit</b>	Short Term	8.00	<b>BWR A3</b>	<b>BWR A3</b>	-	-
4.	<b>Bank Guarantee</b>	Short Term	2.00	<b>BWR A3</b>	<b>BWR A3</b>	-	-
	<b>Total</b>		<b>57.00</b>	<b>₹ Fifty Seven Crores Only</b>			

### Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Rs. Crore	83.04	47.77
EBITDA	Rs. Crore	15.61	6.04
PAT	Rs. Crore	3.26	1.28
Tangible Net worth	Rs. Crore	49.90	36.36
Total Debt/Tangible Net worth	Times	0.85	1.14
Current Ratio	Times	1.25	1.07

### Hyperlink/Reference to applicable Criteria



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

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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities



#### **DISCLAIMER**

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