

Rating Rationale

Hitech Grain Processing Pvt. Ltd.

15 May 2018

Brickwork Ratings revises the rating for the Bank Loan Facilities amounting to Rs.305 Crs. of Hitech Grain Processing Pvt. Ltd.

Particulars:

Facility Rated	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous Rating (August 2017)	Rating Assigned
Cash Credit	135.00	135.00	Long Term	BWR A- (Pronounced BWR Single A Minus) (Outlook: Stable)	BWR BBB-(Pronounced BWR Triple B Minus) (Outlook: Negative) [Downgrade]
Letter of Credit	155.00	155.00	Short Term	BWR A2 (Pronounced BWR A Two)	BWR A3(Pronounced BWR A Three) [Downgrade]
Bank Guarantee	15.00	15.00			
Total	305.00	305.00	Rupees Three Hundred & Five Crores Only		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results of the company up to FY16, provisional financial of FY17, projected financial statements up to FY19, publicly available information and information/clarifications provided by the Society.

The rating has, inter alia, factored in sharp increase in import duty on some of the pulses and decline in the product quality owing to some issues in the processing of the pulses and non-submission of NDS since Feb 2018. In view of the above, the company is facing problems in realisation of the receivables resulting into cash flow mismatch.

Rating Outlook: Negative

BWR believes the Hitech Grain Processing Pvt. Ltd. business risk profile will be deteriorated over the medium term on account of cash flow mismatch due to difficulty in realization of receivables and sharp increase in import duty on some of the pulses based on which negative outlook is assigned to the company. The rating outlook may be revised to 'stable' in case the company manages mismatch arising out of the above mentioned issues in a timely manner to meet the cash flow requirements

About the Company:

Hitech group came into existence in 1975, when Mr. Naresh Kumar Mittal started his career as a trader of pulses in 1975 in Delhi. Later he along with his family members started processing of pulses and flour in 1980. Gradually in 1990, he established his presence in Delhi's Naya Bazar area (largest grain market in india). First processing plant for pulses got established in 1999. Hitech group is exclusively doing business in pulses. The group is involved in processing and trading of all varieties of pulses and grains.

Company's Financial Performance:

HGPPL's reported operating income of Rs. 965.66 Crs. with a net profit of Rs. 11.16 Crs. in FY16 against an operating income of Rs. 653.05 Crs. with a net profit of Rs. 7.17 Crs in FY15. On the provisional basis, the company reported operating income of Rs. 1125.56 Crs in FY17 with a net profit of Rs. 16.72 Crs.

Key Financial Figures			
Particulars	Unit	FY16	FY17(Provisional)
Operating Income	Rs. Crores	965.66	1125.56
EBITDA	Rs. Crores	33.22	43.64
PAT	Rs. Crores	11.16	16.72
Tangible Networth	Rs. Crores	86.34	118.95
Total Debt : TNW	Times	2.60	2.39
Current Ratio	Times	1.43	1.43

Rating History for the last three years:

Sl. No.	Facility	Current Rating (May 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017 Aug	2016 Aug	2015
1.	Cash Credit	Long Term	135.00	BWR BBB-	BWR A-	BWR A-	NA
2	LC	Short Term	155.00	BWR A3	BWR A2	BWR A2	NA
3	BG		15.00				

Status of Non-Cooperation with previous CRA - NA

Hyperlink/Reference to Applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Manufacturing Companies](#)

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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