



## Rating Rationale

Hriday Fincorp Pvt. Ltd.

23 May 2019

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 18.70 Crores of Hriday Fincorp Pvt. Ltd..**

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based</b>			
Cash Credit	1.00	Long Term	<b>BWR BB</b> <b>Pronounced as BWR Double B</b> <b>Outlook: Stable</b>
Term Loan 1 (Existing)	2.70		
Term Loan 2 (Proposed)	15.00		
<b>Total</b>	<b>18.70</b>	<b>INR</b>	<b>Eighteen Crores Seventy Lakhs 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 statements of the company upto FY18 and, publicly available information and information/clarifications provided by the management.

The rating draws strength from the experienced promoters along with long track record in the financial industry, diversified nature of the product portfolio, moderate capital adequacy and comfortable average yield on advances. The rating however is constrained by small scale of operations, limited track record of the company in the lending business, regional concentration of its operations and overdependence on the external funds.

### Description of Key Rating Drivers

#### Credit Strengths:

- Experience of the promoters with a long track record
- High NIM being at 4.79% in FY 18 considering an asset financing company

- **Avg. yield on advances** being at 16.28 % in FY18 has almost doubled as against the previous year.

**Credit Risks:**

- Limited track record of the company in the lending business
- Small Scale of Operations

### **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/Positive/Negative***

BWR believes the **Hriday Fincorp Pvt. Ltd.** 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**

Hriday Fincorp Pvt. Ltd. is a Non deposit taking NBFC (Non Banking Financial Institution) based at Udaipur in Rajasthan. It is the erstwhile Satkar Finance Pvt Ltd, registered with Reserve Bank Of India in the year 2000. In the year 2012, the company assumed its new name and diversified commercial operations that offers a wide bouquet of Debt products. HFPL is primarily engaged in financing small and medium enterprises for working capital and growth, loans for purchase and construction of commercial property, Vehicle financing, home purchase & home improvement loans, loans against property, gold loans etc. Promoters of HFPL along-with their relatives held 100% of the HFPL's shareholding as on March 31, 2018. Total assets under management of HFPL were Rs.10.49 crore (PY: Rs.3.91 crore) as on March 31, 2018 while disbursement for FY18 (April 1, 2017 to March 31, 2018) was Rs.7.77 crore (PY: Rs. 4.05 crore).

### **Company Financial Performance**

The company projected a total operating income of Rs. 1.03 Crs. in FY 18 with PAT of Rs. 0.24 Crs. as compared to total operating income of Rs. 0.36 Crs. in FY 17 with PAT of Rs. 0.08 Crs.

**Key Financial Indicators**

Key Parameters	Units	2018	2017
<b>Result Type</b>			
Interest Income	₹ Cr	1.89	0.66
Net Interest Income	₹ Cr	1.06	0.36
EBITDA	₹ Cr	0.34	0.11
PAT	₹ Cr	0.24	0.08
Tangible Net worth	₹ Cr	2.29	2.07
Gearing	Times	3.95	2.25
NIM	%	4.79	3.36

**Rating History for the last three years**

Instrument /Facility	Current Rating			Rating History		
	Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
<b>Fund Based</b>						
Cash Credit		<b>1.00</b>	<b>BWR BB Pronounced as BWR Double B</b>  Outlook: Stable			
Term Loan 1 (Existing)	Long Term	<b>2.70</b>				
Term Loan 2 (Proposed)		<b>15.00</b>				
<b>Total</b>		<b>18.70</b>		<b>₹ Eighteen Crores Seventy Lakhs Only</b>		



Status of non-cooperation with previous CRA (if applicable)-Reason and comments  
 Any other information

**Hyperlink/Reference to applicable Criteria**

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

#### **DISCLAIMER**

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