



Rating Rationale

New Haryana Overseas

05 October 2017

Brickwork Ratings assigned the ratings for the Bank Loan Facilities of Rs. 12.00 Crs of New Haryana Overseas

Particulars

Limits	Limit to be rated (Rs. In crs)	Tenure	Rating
Fund Based limits			
Cash Credit	12.00	Long term	BWR B+ (Pronounced as BWR B plus) Outlook : Stable
EPC (<i>sub limit of CC</i>)	(8.00)	Short Term	BWR A4 (Pronounced as BWR A four)
PCFC (<i>sub limit of EPC</i>)	(6.00)		
FBP (<i>sub limit of EPC</i>)	(2.00)		
Total	12.00	INR Twelve crores only	

* For definition of the ratings please refer to our website www.brickworkratings.com

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials from FY14 to FY16 along with provisional financials of Fy17, projections of Fy18 to Fy20 and publicly available information and information/clarifications provided by the management

The rating continues to factor, inter- alia, the firm's existence and relevant experience of partners in the business for over two decades.

However, the ratings are constrained by moderate customer concentration risk, price volatility risk, adverse gearing ratio and low coverage ratio.

Key Rating Determinants:

Credit Strengths

- 1.) Over two decades on firm's existence and relevant experience of partners in the business.
- 2.) Firm has achieved 40.98% of projected sales, within 5 months in Fy18.

Credit Concerns:

- 1.) Moderate customer concentration risk
- 2.) Price volatility risk of raw materials which is turned affects the turnover for the mentioned year, due to hoarding of finished goods till the price increases.
- 3.) High D/E ratio with an average of 4.49x from Fy14 to Fy17 and if analyzed average D/E ratio of 2.8x



4.) Low coverage ratio since DSCR of 0.77x in FY16 and 0.71 in FY17.

Going forward the ability of the firm to sustain consistent growth in revenues, increase profitability margins, increase its scale of operations, improve its gearing ratios and consistently manage its working capital efficiently would be the key rating sensitivities

Analytical Approach:

Rating Criteria links are given in the end

About the Company :

The Haryana-based NHO was established in 1991 as a proprietorship firm and converted into partnership firm in 2015. The firm is engaged in the milling, processing and exporting of basmati and non-basmati rice. NHO benefits from its experienced management. The promoters have more than two decades of experience in the agro processing industry.

Company Financial Performance :

Reduction of 5.65% in net sales in FY17. Moderate customer concentration risk. High D/E ratio at 4.38x in FY17. Low coverage ratio since DSCR of 0.77x in FY16 and 0.71 in FY17.

Key Financial ratios:

Particular	FY 2015-16	FY2016-17
Net Sales (Rs Cr)	43.69	41.22
EBITDA (Rs Cr)	2.9	2.84
PAT (Rs Cr)	0.33	0.32
Tangible Net Worth (TNW) (Rs Cr)	4.4	5.89
Total Debt/TNW	5.30X	4.38X
Current Ratio	2.49X	2.77X

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amt (Rs Crs)	Rating	2016	2015	2014



	Fund Based	Long term	12.00	BWR B+ (Outlook: Stable)	NA	NA	-
	Non-Fund Based						
	EPC (sub limit of CC)		(8.00)				
	PCFC (sub limit of EPC)	Short term	(6.00)	BWR A4	NA	NA	
	FBP (sub limit of EPC)		(2.00)				
	Total		12.00	INR Twelve Crores only			

Status of non-cooperation with previous CRA - Not Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#) [Short term debt](#)
- [Approach to Financial Ratios](#)

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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



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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.

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