



Rating Rationale

Hansraj Agrofresh Pvt. Ltd.

31 Jan 2019

Brickwork Ratings assigns the ratings for the bank loan facilities of ₹28.05 Crores of Hansraj Agrofresh Pvt. Ltd.

Particulars

Facility	Amount Rated (Rs. Cr)	Tenure	Rating Assigned*
Cash Credit	22.50	Long Term	BWR D (Pronounced as BWR D)
Term Loan - 1	1.40		
Term Loan -2	3.85		
Bank Guarantee	0.30	Short Term	
Total	28.05	Rs. Twenty Eight crores and Five Lakhs only	

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

Rating assigned BWR D to bank loan facilities availed by Hansraj Agro Fresh Pvt. Ltd. (HAPL or “the company”) in view of delays in servicing of bank loan facilities.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the company upto FY18, projected financials upto FY20, publicly available information and information/clarifications provided by the management.

The rating draws strength from promoters experience in the business line and favorable industry scenario. The rating is, however, constrained by high working capital requirements, strained liquidity position of the company, irregularity in conduct of bank accounts and modest scale of business operations.



Key Rating Drivers

Credit Strengths:

- (1) Experienced promoters having 11 years experience working in the ready-to-serve (RTS) fruit juice industry.

Credit risks:

- (1) High working capital requirements as evidenced by high cash conversion cycle of 295 days and 200 days during FY18 and FY17 respectively, particularly due to high inventory holding days and high receivable days.
- (2) Liquidity position of the company is strained as reflected by (i) more than 95% average utilization of the cash credit limit, (ii) evidences of delay in servicing of bank loans, and (iii) very high cash conversion cycle due to high inventory holding and receivable days.
- (3) Modest scale of operations as evidenced by gross revenues of Rs.41 crs during FY18, with flat revenue growth y-o-y.

Analytical Approach

Analysis of the company financials have been carried on a standalone basis. Please refer to the applicable criteria at the end.

Rating Outlook: Stable

BWR believes HAPL'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 of regularisation of bank accounts and improvement in scale of operations. The rating outlook may be revised to 'Negative' in case of delay in honouring the commitments and deterioration in financial risk profile.

About the Company

Hansraj Agrofresh Pvt. Ltd.(HAPL), incorporated on 29.08.2014, has its registered office at Shivpur, Varanasi. Total authorised share capital and paid up share capital of the company are Rs.6 crs and Rs.5.58 crs respectively. Mr. Satyendra Singh and Mrs. Renu Singh are the directors in the company.

HAPL is engaged in manufacturing of Ready-to-Serve (RTS) fruit juices of various kind of fruits like Mango, Apple, Guava, Litchi, Lemon and Orange from the fresh pulp of such fruits under the brand name "HANSRAJ" registered with sub-brand names like "Mango Fresh", "Apple



Fresh”, “Litchi Fresh”, “Lemon Fresh”, “Orange Fresh” etc with due registration with Trade Mark Act, 1999. Juices are marketed in various packing variant in pet bottles of 160 ml, 200 ml, 250 ml, 500 ml, 600 ml, 1000 ml, 1200 ml, and 2000 ml.

The company has its plant and machinery set up in Siliguri, West Bengal, with complete Tetra Pack Line (TCA and TBA). Current installed production capacity is 2.5 lakh litres per day.

Company’s Financial Performance

Key Parameters		FY 17 (Audited)	FY18 (Audited)
Total Operating Income	Rs.Cr	40.20	41.12
OPBDIT	Rs. Cr	8.69	7.95
PAT	Rs. Cr	1.73	1.78
Tangible Net worth	Rs. Cr	9.72	11.51
TOL/TNW	Times	3.92	3.46
Current Ratio	Times	1.17	1.20

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

Facility	Tenure	Rating Assigned (2018)		Rating History		
		Rated Amount (Rs. Crs)	Rating	2017	2016	2015
Fund Based - Cash Credit-	Long Term	22.50	BWR D (Pronounced as BWR D)	NIL	NIL	NIL
Fund Based - TL1		1.40		NIL	NIL	NIL
Fund Based - TL2		3.85		NIL	NIL	NIL
Non Fund Based - BG	Short Term	0.30		NIL	NIL	NIL



Total	28.05	Rs. Twenty Eight Crores and Five Lakhs Only
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Status of non-cooperation with previous CRA: India Ratings has published rationale on 16Aug18 reaffirming IND B+/A4 (Issuer not cooperating).

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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For print and digital media

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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, 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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