

## Harmony Foods Private Limited

Instrument	Amount in Rs crore	Rating Action
Fund based limits	19.50	[ICRA]BB+(stable) assigned
Unallocated Limits	0.50	[ICRA]BB+(stable)/[ICRA]A4+ assigned

ICRA has assigned a long-term rating of [ICRA]BB+ (pronounced double ICRA double B plus) to Rs. 19.50 crore<sup>1</sup> fund based facilities of Harmony Foods Private Limited (HFPL)<sup>1</sup>. ICRA has also assigned the ratings of [ICRA]BB+/[ICRA]A4+ (pronounced ICRA A four plus) to Rs.0.50 crore unallocated limits of HFPL. The outlook on long term rating is stable.

The assigned ratings take into account long experience of promoters in the flour milling industry and established procurement network coupled with diversified client base ensuring healthy capacity utilization over the years. The ratings, also favourably factors in comfortable liquidity position of the company on account of low working capital intensive nature of the business. The ratings are however constrained by moderate scale of operations; thin profitability levels inherent in the flour mill industry on account of low value added nature of business, and intense competition from organized and un organized players with profitability further exposed to external factors such as government regulations and agro climatic conditions that influence supply conditions. The ratings are also constrained by leveraged capital structure of the company as indicated by high gearing of 1.24 times, stretched debt coverage indicators as indicated by NCA/total debt of 6% as on March 31, 2016. What abt capex concern ???

Going forward, ability of the company to increase its scale of operations and managing its working capital requirement will remain key rating sensitivities from the credit perspective.

### Company Profile

Incorporated in 2004, Harmony Foods Private Limited (HFPL) is involved in processing of wheat into food products such as maida, rawa, atta and bran with an installed capacity of 200 TPD. The manufacturing facility is located at Visakhapatnam. The products manufactured by the company are primarily consumed in the Bakery, Supermarkets etc. The Bran is used as feed for livestock and also included as an ingredient in making fish feed.

### Recent Results

HFPL has reported an operating income of Rs 115.15 crore and a net profit of Rs 1.01crore in FY2015 as against an operating income of Rs. 124.39 crore and operating profit (profit before depreciation, interest and taxes) of Rs. 2.44 crore in FY2016 (provisional and unaudited).

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<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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