

December 18, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.00	SMERA BB/Stable (Assigned)
Bill Discounting	3.50	SMERA A4+ (Reaffirmed)
Letter of Credit	2.00	SMERA A4+ (Reaffirmed)
Bank Guarantee	2.00	SMERA A4+ (Reaffirmed)

SMERA has assigned a long term rating of **SMERA BB (read as SMERA double B)** and reaffirmed the short term rating of '**SMERA A4+** (read as SMERA A four plus)' on the above mentioned Rs.11.50 crore bank facilities of Nanu Industries (NI). The rating is supported by the firm's integrated operations, diversified product profile, strong revenue growth and experienced management. However, the rating is constrained by the small-scale of operations, susceptibility of the firm to cyclical in the infrastructure sector and intense competition in the construction material industry. The rating is also constrained by adverse changes in mining regulations and the partnership constitution of the firm.

Update

The long term rating has been assigned due to the additional cash credit of Rs. 4.00 crore. The short term rating has been reaffirmed on the basis of FY2014-15 audited financials.

Outlook: Stable

SMERA believes that NI's outlook will remain stable over the medium term driven by healthy track record of operations. The outlook may be revised to 'Positive' in case the firm improves its scale of operations along with effective management of working capital. The outlook may be revised to 'Negative' in case of weakening financial profile, operating margins, liquidity and leverage.

Rating Sensitivity Factors

- Lower-than-expected sales volume and sales realisation (per unit)
- Deterioration in financial profile
- Higher-than-expected increase in working capital requirements

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About the Firm

The Goa-based NI, established in 1993, is a partnership firm promoted by Mr. Krishna Naik, Mr. Pravas Naik, Mr. Narayan Naik and others. The firm is engaged in the manufacture of sand, aggregates and electric control panels. While the sand crushing units are located at Parme, Maharashtra and Conquirem, Goa, the control panels are manufactured at Ponda. The firm has an installed capacity of 1,200 control panels per annum.

For FY2014–15, NI reported net profit after tax of Rs.0.62 crore on operating income of Rs.31.88 crore, as compared with net profit of Rs.0.44 crore on operating income of Rs.23.11 crore in FY2013–14.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Mr. Anthony Jose, Vice President – Business Development, Mid Corporate Tel : +91-22-6714 1191 Cell : +91 9820802479 Email : anthony.jose@smera.in Web: www.smera.in	Mr. Vinay Chhawchharia Associate Vice President - Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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