

April 11, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA B+/Stable (Assigned)
Packing Credit/FDB/FBE	10.00	SMERA A4 (Assigned)

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.12.00 crore bank facilities of NM Food Impex Private Limited (NFIPL). The outlook is '**Stable**'. The ratings are constrained by the weak financial risk profile marked by low net worth, thin profitability and high debt-to-equity (gearing) ratio. The ratings are also constrained by the exposure of the company to agro-climatic risks and intense competitive pressure. However, the ratings draw support from the experienced promoter and strategic location of the facility.

Outlook: Stable

SMERA believes that the company will maintain a stable business risk profile due to the extensive experience of the promoter in the rice industry and established relations with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining profitability margins. Conversely, the outlook may be revised to 'Negative' if the company registers significant decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factors

- Scaling up of operations while maintaining profitability margins
- Improving the financial risk profile
- Agro climatic risks

About the Company

Incorporated in 2014, NFIPL, a Haryana-based company was promoted by Mr. Ramesh Kumar, Mr. Rakesh Kumar and Mr. Vinod Kumar. The company is engaged in the trading of rice (basmati and non-basmati). It procures processed rice from local millers and exports mainly to Gulf countries such as Iran, Iraq, Saudi Arabia and U.A.E.

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For FY2014–15, NFIPL reported net profit of Rs.0.09 crore on operating income of Rs.54.46 crore as compared to net profit of Rs.0.18 crore on operating income of Rs.76.82 crore in FY2013–14. The company's net worth stood at Rs.4.89 crore (including unsecured loan of Rs.2.39 crore) as on March 31, 2015, as compared with Rs.3.94 crore (including unsecured loan of Rs.2.15 crore) a year earlier. The company has already achieved ~Rs 48.00 crore (provisional) of revenue for the period April 2015 to March 2016.

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