

Parvin Exim Private Limited: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Foreign Bills Purchase/Discounted (FBP/FBD)	14.50*	SMERA A4 (Assigned)

**Sublimit FBP with Cash Credit of Rs. 3.00 Crore, PCFC of Rs.12.50 crore and Forward Cover Exposure of Rs. 0.29 Crore.*

SMERA has assigned rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.14.50 crore bank facilities of Parvin Exim Private Limited (PEPL).

The rating is constrained by the limited track record of operations, thin profit margins and moderate financial risk profile. The rating also factors in the exposure of profit margins to volatility in agro commodity prices and exposure to forex fluctuations amidst intense competition in the trading industry. However, the rating draws comfort from the promoter's extensive experience in the agro commodity business.

The Ahmedabad-based PEPL is engaged in the trading of agro commodities such as cotton bales and castor oil. The company commenced commercial operations from August, 2014. PEPL operates on thin operating profit margins of 0.50 per cent in FY2015-16 (provisional) on account of the trading nature of business. The company has moderate financial risk profile with low net worth of Rs.2.22 crore as on March 31, 2016 (provisional). Though the gearing stands low at around 0.35 times as on March 31, 2016, SMERA believes that the gearing will most likely be high in the near medium term due to addition of working capital debt.

While the company exports around 80 per cent of its products to Pakistan, Bangladesh and Thailand exposing itself to foreign currency fluctuation risk, it partially mitigates the risk through forward contracts.

The company is also exposed to susceptibility of profit margins to volatility in agro commodity prices and intense competition from organised and unorganised players in the cotton trading industry.

However, the company benefits from its experienced management. Mr. Nasiruddin Akbarbhai Vhora and Mr. Tanvir Akbarbhai Vhora, Directors, have more than a decades experience in the industry.

Rating Sensitivity Factors

- Scaling up operations while maintaining profit margins
- Maintaining comfortable capital structure
- Timely infusion of funds from promoters

Criteria applied to arrive at the rating:

- Trading Entities

About the Company

PEPL, incorporated in 2014, is an Ahmedabad-based company engaged in the trading of agro commodities such as cotton bales and castor oil. The company was promoted by Mr. Tausif Ahmad Abdulbhai Vhora, Mr. Nasiruddin Akbarbhai Vhora and Mr. Tanvir Akbarbhai Vhora and commenced operations from August, 2014.

For FY2015-16 (provisional), PEPL registered profit after tax (PAT) of Rs.0.25 crore on operating income of Rs.120.43 crore, as compared with PAT of Rs.0.04 crore on operating of Rs.40.43 crore in FY2014-15.

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ABOUT SMERA

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