

Press Release

13 April, 2017

National Ventures Private Limited

Rating Assigned

Total Bank Facilities Rated *	Rs.9.00 Cr
Short Term Rating	SMERA A4

Refer Annexure for details

Rating Rationale

SMERA has assigned short term rating of '**SMERA A4**' (read as SMERA A four) on the Rs. 9.00 crore bank facilities of National Ventures Private Limited.

National Ventures Private Limited (NVPL) was incorporated in June 2000 by Mr. A S R Chowdhary, Mr. A Bhanu Prasad and Mr. A Krishna Prasad. The company is engaged in the import and export of furnace oil, chemicals, rock phosphate, Indonesian coal from countries such as Egypt, South East Asian Countries, China among others. The company's operations are based out of Chennai, Tamil Nadu.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters, Mr. A S R Chowdhary, Mr. A Bhanu Prasad and Mr. A Krishna Prasad possess over four decades of experience in the trading of commodities.

Weaknesses

- **Small scale of operations**

The scale of operations is small. The operating income stood at Rs.8.78 cr in FY2016 on account of imports and trading of fertilisers. As per 10MFY2017 Provisionals, the operating income stood at Rs.34.89 cr which mainly constituted trading of Indonesian coal. Further, the company enjoys natural hedge on forex since imports and exports are dollar denominated.

- **Thin profitability margins**

NVPL's operating margins are thin on account of its trading nature of business. The EBIDTA margins stood at 1.87 percent in FY2016 as compared to 2.35 percent in FY2015.

- **Below average financial risk profile**

The financial risk profile is below average marked by low net worth of Rs.1.33 cr as on 31 March, 2016 supported by unsecured loans to the tune of Rs.1.12 cr from holding company M/s Coromandel Shipping Agencies Private Limited. The gearing stood at 1.10 times as on 31 March, 2016. The Interest coverage ratio (ICR) stood at 4.31 times for FY2016 which mainly consisted of bank charges on non-fund based limits.

- **Highly fragmented and competitive commodity trading industry**

The company operates in a highly fragmented and competitive commodity trading (such as coal, fertilisers, agro-products among others) industry with large number of players in the organised and unorganised segment.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

About the Rated Entity - Key Financials

For FY2015-16, the company registered profit after tax (PAT) of Rs.0.24 cr on operating income of Rs.8.78 cr. The net worth stood at Rs.1.33 cr as on 31 March, 2016 as compared to Rs. (0.03) cr as on 31 March, 2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Letter of credit	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA A4

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ABOUT SMERA

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