



Press Release
National Ventures Private Limited
August 10, 2023
Rating Reaffirmed & Withdrawn and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.00	Not Applicable Withdrawn	-
Bank Loan Ratings	9.00	-	ACUITE A4 Reaffirmed & Withdrawn
Bank Loan Ratings	4.00	-	Not Applicable Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	15.00	-	-

Rating Rationale

Acuite has reaffirmed & withdrawn its short term rating of **ACUITE A4 (read as ACUITE A four)** on bank facilities of Rs 9.00 Cr & withdrawn the proposed long term rating on the bank facilities of Rs 2.00 Cr & proposed short term rating on bank facilities of Rs 4.00 Cr of National Ventures Private Limited. The rating is being withdrawn on account of the request received from the firm and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

The rating is reaffirmed on account of experienced management and average financial risk profile of the company. However, these strengths are partially set off by the working capital intensive nature of operations and competitive nature of the industry.

About the Company

The Chennai-based 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 trading of industrial minerals and metal ores, agro products among others.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the NVPL to arrive at this rating.

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.

Operating Income for FY23 (Prov) stood at Rs 124.33 crore as against Rs 84.85 Crs in FY22. The reason for increase in the revenue for FY23 is due to bulk orders received of 60 Crs during the year. Further, EBITDA Margin for the FY23 (Prov) stood at 1.69% as against FY22 at 3.90%. The Profit after tax margins (PAT) stood at 1.04% in FY23 (Prov) as against 2.34% in FY22.

Average financial risk profile

The financial risk profile of the firm remained average marked by average net worth, gearing

ratio & debt protection metrics. The net worth stood at Rs 8.39 Cr as on 31 March 2023 (Prov) as against Rs 7.09 Cr same period last year. The gearing level of the company remained at 0.23 times as on 31 March 2023 (Prov) as against 0.39 times same period last year. Also, the Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio stood at 12.62 times in as on 31 March 2023 (Prov) compared against 6.52 times as on 31 March 2022. The debt protection matrices of the company is improving marked by Interest Coverage Ratio (ICR) of 2.53 times for FY23 (Prov) and Debt service coverage ratio (DSCR) of 2.24 times for the same period.

Weaknesses

Working capital intensive nature of operations

The operations of the firm remained working capital intensive in nature marked by GCA Days of 320 days for FY23 (Prov) as compared against 210 days for FY22. Furthermore, the receivables days stood at 273 days in FY23 (Prov) against 186 days in FY22. The average credit period given to customers is 120 days. The inventory days of the firm stood at 26 days for FY23 (Prov) as against NIL days for FY22. The creditor days stood at 268 days for FY23 (Prov) compared against 188 days for FY2022. The average credit period given by suppliers is 120 days.

Highly fragmented and competitive commodity trading industry

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

Rating Sensitivities

Substantial improvement in scale of operations while maintaining profitability margins over the medium term

Further elongation of working capital cycle

Material covenants

None

Liquidity Position

Adequate

The liquidity position of the firm remains adequate marked by moderate net cash accruals of Rs 1.35 Cr in FY23 (Prov) against Rs 0.11 Cr maturing debt obligations for the same period. The current ratio of the firm remains above unity at 1.08 times as on 31 March 2023 (Prov). The firm has unencumbered cash and bank balances of Rs 2.99 Cr as on 31 March 2023 (Prov).

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	124.33	84.85
PAT	Rs. Cr.	1.29	1.99
PAT Margin	(%)	1.04	2.34
Total Debt/Tangible Net Worth	Times	0.23	0.39
PBDIT/Interest	Times	2.53	5.44

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

CRISIL vide its press release dated 12th August 2022 had rated the company to CRISIL A4; Issuer Not Cooperating.

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entitle: <https://www.acuite.in/view-rating-criteria-61.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 Sep 2022	Proposed Cash Credit	Long Term	2.00	ACUITE B (Issuer not co-operating*)
	Letter of Credit	Short Term	9.00	ACUITE A4 (Issuer not co-operating*)
	Proposed Letter of Credit	Short Term	4.00	ACUITE A4 (Issuer not co-operating*)
15 Jun 2021	Letter of Credit	Short Term	9.00	ACUITE A4 (Issuer not co-operating*)
	Proposed Letter of Credit	Short Term	4.00	ACUITE A4 (Issuer not co-operating*)
	Proposed Cash Credit	Long Term	2.00	ACUITE B (Issuer not co-operating*)
18 Mar 2020	Proposed Cash Credit	Long Term	2.00	ACUITE B (Issuer not co-operating*)
	Letter of Credit	Short Term	9.00	ACUITE A4 (Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	9.00	ACUITE A4 Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	Not Applicable Withdrawn
Not Applicable	Not Applicable	Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	Not Applicable Withdrawn

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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