

Press Release

Nima Enterprises Private Limited

8 February, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs.6.80 Cr.
Long Term Rating	SMERA BB-/ Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA BB-**' (read as SMERA double B minus) and short term rating of '**SMERA A4**' (read as SMERA A four) on the Rs. 6.80 crore bank facilities of Nima Enterprises Private Limited (NEPL). The outlook is '**Stable**'.

Nima Enterprises Private Limited (NEPL) (formerly Known as HVD Impex Private Limited) is a Navi Mumbai-based company incorporated in 2005. The company is promoted by Mr. Ketan Ruparel and Mrs. Manisha Ketan Ruparel and commenced operations from 2007 in the trading of whole as well as powdered spices, agri products and food products such as papads, pickles, etc. The company exports 100 percent of its sales to United Kingdom, Netherlands, Denmark and Finland. It also undertakes processing of spices which is outsourced to third parties. However,

Key rating drivers

Strengths

Established track record of operations, experienced management

NEPL is engaged in the trading of whole as well as powdered spices, agri products and food products for a decade. The established track of operations has helped the company establish and maintain long term relations with customers.

The Directors, Mr. Ketan Ruparel and Mrs. Manisha Ruparel collectively possess more than two decades of experience in the spice export business.

Established relation with reputed clientele: NEPL caters to reputed clientele including Khanjra International Foods Limited (United Kingdom), SOP International Limited (United Kingdom), Golden Foods and Badat Brothers Limited to name a few.

Weaknesses

Small scale of operations: The company reported operating income of Rs.11.42 crore in FY2017 as against Rs. 11.49 crore in FY2016 and Rs.9.02 crore in FY2015. The revenue declined by ~0.65 per cent in FY2016 owing to shortage of orders from clients due to BREXIT as the company exports only to European market. Further, NEPL reported revenue of Rs.8.78 crore from April, 2017 - November, 2017(Provisional).

Project implementation and funding risk: NEPL is presently setting up a processing unit with installed capacity of 3000 metric tonnes each for powdered and whole spices. The unit is located in Vadodara, Gujarat and is expected to commence operations from June, 2018. The total project cost of Rs. 5.91 crore is expected to be funded through bank borrowings of Rs. 4.30 crore and promoters fund of Rs.1.61 crore. The construction is expected to be completed by June, 2018 and operations are to commence from July, 2018. Hence, the project is exposed to significant project implementation risk in case of time or cost overruns.

Going forward, the debt funded capex plan may have an impact on the financial risk profile of the company resulting in deterioration of gearing position and other coverage indicators.

Volatility in commodity prices, forex rates, changes in govt. policies: As the company is dealing in spices which are agricultural commodities the company is exposed to volatility in prices. Any unfavorable changes in climatic conditions like inadequate rainfall or draught might affect the availability of agricultural commodities in the market, causing scarcity and pushing commodity prices upwards. Further, any changes in the government policies, particularly affecting the import and or export cost to buyer or seller will have a huge impact on commodity prices.

The company exports 100 percent of its sales to countries including United Kingdom, Netherlands, Denmark and Finland. Hence, the profitability of the company is exposed to fluctuations in foreign exchange rates. However, the risk is mitigated to an extent as the company hedges around 80 percent of its forex exposure under the forward cover contract.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of Nima Enterprises Private Limited to arrive at the rating.

Outlook – Stable

SMERA believes that NEPL will maintain a stable outlook on account of its experienced management and established relations with reputed clientele. The outlook may be revised to 'Positive' in case the company achieves significant growth in revenue and profitability while maintaining comfortable capital structure and liquidity. Conversely, the outlook may be revised to 'Negative' in case NEPL registers significant deterioration in its financial risk profile or liquidity profile due to higher than expected debt funded capex plan.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	11.42	11.49	9.02
EBITDA	Rs. Cr.	0.84	0.97	0.55
PAT	Rs. Cr.	0.48	0.53	0.21
EBITDA Margin	(%)	7.39	8.41	6.10

PAT Margin	(%)	4.20	4.64	2.28
ROCE	(%)	19.96	26.28	21.73
Total Debt/Tangible Net Worth	Times	0.72	1.13	1.28
PBDIT/Interest	Times	7.60	6.40	2.18
Total Debt/PBDIT	Times	1.99	2.19	2.67
Gross Current Assets (Days)	Days	94	113	126

Any other information:

Not Applicable

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>

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

None

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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.30*	SMERA BB-/Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.40	SMERA BB-/Stable (Assigned)
Foreign Bill Purchase	Not Applicable	Not Applicable	Not Applicable	2.10^	SMERA A4 (Assigned)

* Includes Sublimit of Letter of Guarantee to the extent of Rs. 0.60 crore

^Includes Sublimit of Packing Credit to the extent of Rs. 0.60 crore

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ABOUT SMERA

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