

Press Release

Nima Enterprises Private Limited

January 21, 2019



Rating Reaffirmed

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

* Refer Annexure for details

Rating Rationale

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

NEPL (formerly Known as HVD Impex Private Limited) is a Navi Mumbai based company incorporated in 2005 and managed by Mr. Ketan Ruparel and Mrs. Manisha Ketan Ruparel. NEPL is engaged in the export of whole as well as powdered spices, other agro products and food products include papads and pickles, among others. Earlier, the company was into trading activity and the processing activity was outsourced to third party on job work basis. However, from 2018, it has set up a processing of spices unit in the manufacturing unit at Vadodara (Gujarat).

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the NEPL to arrive at the rating.

Key Rating Drivers

Strength:

• Moderate track record of operations and experienced management

NEPL is engaged in export of whole as well as powdered spices, other agro products and food products since 2007. The operational track record of a decade has helped the company to establish and maintain long standing relationships with its customers in countries such as United Kingdom, Netherlands, Denmark and Finland. The Directors of the company, Mr. Ketan Ruparel and Mrs. Manisha Ruparel collectively possess around 22 years of experience in the spice export business. Since 1995, Mr. Ketan is in spice export business. He was working in other company prior to joining NEPL in 2007 and manages the business development and strategy making. Mr. Manisha looks after accounts, administration and finance department of the company.

• Moderate financial risk profile

The financial risk profile of the company is moderate marked by gearing ratio of 1.36 times as on 31 March, 2018 as against 0.72 times in the previous year. The gearing deteriorated in FY2018 due to term loan availed by the company for setting up processing unit for spices. The repayments of term loan shall start from April, 2019. The interest coverage ratio stood at 4.66 times in FY 2018 as against 7.63 times in FY 2017. DSCR stood at 3.78 times for FY 2018 as against 4.74 times in the previous year. TOL/TNW stood at 1.58 times as on 31 March, 2018 as against 0.92 times in the previous year. NCA/TD stood at 0.12 times in FY 2018 as against 0.31 times in FY 2017.

• Established relations with reputed clientele

NEPL has been able to maintain long standing relationships with its major customers on account of expertise in timely delivery of the products as per customer requirements. Reputed clientele includes Khanjra & Co, SOP International Limited and Golden Foods and Badat Brothers Limited to name a few.

Weaknesses

• **Ability to scale-up operations**

NEPL has registered revenues of Rs.10.16 crore in FY2018 as compared to Rs.11.42 crore in FY2017. The revenue booked till date is Rs.7.88 crore from April to December, 2018. Further, NEPL has setup a new processing unit at Vadodara (Gujarat) in an area of around 21300 sq. ft. for processing spices inhouse. The operations started from November, 2018. The total project cost for construction of manufacturing unit stood at Rs.7.20 crore. The total cost includes cost of land, building construction, plant & machinery, electrical fittings, furniture and fixtures. The project cost will be funded through bank borrowing of Rs.4.30 crore and promoters' contribution of Rs.2.90 crore. Thus, the ability of the company to enter into new market and target new customers to scale up the revenues would be key sensitive factor.

• **Volatility in commodity prices and changes in government policies**

NEPL's business is exposed to volatility in commodity prices on account of uncertain agro-climatic conditions and changes in government policies. As the company is dealing in spices which are agricultural commodities; the company is exposed to volatility in its prices on account of uncertain agro-climatic conditions i.e. any sudden changes in climatic conditions such as inadequate rainfall or draught might affect the availability of agricultural commodities in the world market, causing scarcity and pushing commodity prices upwards. Further, any changes in the government policies, particularly affecting the import/export cost to buyer or seller will have a huge impact on commodity prices.

• **Foreign Exchange fluctuation risk**

The company is exposed to forex fluctuation risk since it exports 100 percent to countries including United Kingdom, Netherlands, Denmark and Finland. The risk is partially mitigated through natural hedging and use of forward cover contract.

Outlook: Stable

Acuité believes that NEPL will maintain a 'Stable' business risk profile on account of its experienced management and established relations with reputed clientele. The outlook may be revised to 'Positive' in case the company is able to achieve significant growth in revenue while achieving improvement in profitability, capital structure and liquidity. The outlook may be revised to 'Negative' in case NEPL register a decline in revenue or in case of significant deterioration in its profitability or liquidity profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	10.16	11.42	11.49
EBITDA	Rs. Cr.	0.72	0.84	0.97
PAT	Rs. Cr.	0.38	0.48	0.53
EBITDA Margin	(%)	7.05	7.39	8.41
PAT Margin	(%)	3.77	4.22	4.64
ROCE	(%)	12.86	20.02	26.28
Total Debt/Tangible Net Worth	Times	1.36	0.72	1.13
PBDIT/Interest	Times	4.66	7.63	6.40
Total Debt/PBDIT	Times	5.07	1.98	2.19
Gross Current Assets (Days)	Days	105	94	113

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

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
08-Feb-2018	Cash Credit	Long Term	4.30*	ACUITE BB- / Stable (Assigned)
	Term Loan	Long Term	0.40	ACUITE BB- / Stable (Assigned)
	Bills Discounting	Short Term	2.10^	ACUITE 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

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.30*	ACUITE BB- / Stable (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.40	ACUITE BB- / Stable (Reaffirmed)
FBN/FBP/FBD/PSFC/FBE	Not Applicable	Not Applicable	Not Applicable	2.10^	ACUITE A4 (Reaffirmed)

* 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

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Disha Parmar Analyst - Rating Operations Tel: 022-49294064 disha.parmar@acuiteratings.in	

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.