

November 27, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA BB-/Stable (Upgraded from SMERA B+/Stable)
Letter of Credit	10.00	SMERA A4+ (Upgraded from SMERA A4)

SMERA has upgraded the long-term rating assigned to the Rs.2.00 crore bank facilities of Parshvanath Overseas (PO) to **'SMERA BB-' (read as SMERA double B minus)** from 'SMERA B+' and short term rating assigned to the Rs.10.00 crore bank facilities to **'SMERA A4+' (read as SMERA A four plus)** from 'SMERA A4'. The outlook is **'Stable'**.

To arrive at the rating, SMERA has consolidated the business and financial risk profiles of PO, Parshva Food International, Navkar Processors and Nakoda Agro Commodities Private Limited, together referred to as the 'Nakodas Group'. The consolidation is in view of the common ownership, similarity in the business models and strong operational linkages within the group.

The rating upgrade is in view of the group's healthy revenue growth and improvement in the financial risk profile. The ratings continue to draw comfort from the groups' experienced management. However, the ratings factor in risks related to the group's working capital-intensive operations and exposure to foreign exchange fluctuation risk.

Outlook: Stable

SMERA believes that PO will maintain a stable business risk profile over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' if the firm's scale of operations increases substantially while maintaining operating profitability and registering improvement in coverage indicators. Conversely, the outlook may be revised to 'Negative' with the weakening of operating margins or deteriorating financial risk profile owing to higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity Factors

- Scaling up of operations while maintaining margins
- Effective working capital management

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About the Group

The Nagpur-based Nakodas Group comprises four entities – PO, Parshva Food International, Navkar Processors and Nakoda Agro Commodities Private Limited. The group is engaged in the trading and processing of dry fruits (cashews and almonds) and manufacturing of candied fruit cubes as also sweet pickle (murabba).

For FY2014–15, the Nakodas Group reported net profit of Rs.2.80 crore on operating income of Rs.49.41 crore, as compared with net profit of Rs.0.55 crore on operating income of Rs.39.99 crore for FY2013–14.

About the Firm

Promoted by Mr. Jayesh Choudhary, PO, established in 2009, is a Nagpur-based proprietorship firm that imports in-shell almonds and cashew nuts and sells the same to group entities for processing.

For FY2014–15, PO reported net profit of Rs.0.50 crore on operating income of Rs.21.79 crore, as compared with net profit of Rs0.12 crore on operating income of Rs.20.89 crore for FY2013–14.

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