



SMERA RATINGS LIMITED

Kamakshi Oils Private Limited (OPC) (KOPL)

**Rating
Rationale****January 28, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit (Proposed)	7.00	SMERA B/Stable (Assigned)
Term Loan (Proposed)	0.50	SMERA B/Stable (Assigned)

SMERA has assigned the long-term rating of '**SMERA B**' (read as **SMERA single B**) to the Rs. 7.50 crore proposed bank facilities of Kamakshi Oils Private Limited (OPC) (KOPL). The outlook is '**Stable**'. The ratings are constrained by the limited track record of operations and weak financial risk profile driven by low net worth. The ratings also note that the company's business is exposed to project execution risk as the installation of the packaging unit is underway. However, the ratings draw comfort from the company's experienced management.

Rating Sensitivity Factor

- Ability of complete the project on time without cost overruns

Outlook: Stable

SMERA believes that Kamakshi Oils Private Limited will continue to maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations after completing the project within the scheduled timeline. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution, which may lead to cost overruns.

About the Company

The Hyderabad-based KOPL, was established in 2015 Mr. Chebrolu V. Sandeep Kumar, Director. The company is engaged in the trading of edible oil and is in the process of setting up a packaging unit by the end of March, 2016.

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Rating Rationale

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