

May 18, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan (Proposed)	3.03	SMERA B-/Stable (Assigned)
Overdraft (Proposed)	5.25	SMERA B-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA B minus**) to the abovementioned bank facilities of Kapex Supermarkets India Private Limited (KSIPL). The outlook is '**Stable**'. The rating is constrained by the company's exposure to project implementation risk and intense competition in rice milling industry. However, the rating is supported by the experienced management and the proximity of the company's processing unit to raw material sourcing areas.

The company has plans to set up a rice processing unit at a cost of Rs.5.90 crore to be funded by a bank loans of Rs.3.03 crore (yet to be sanctioned) and promoters' contribution of Rs.2.87 crore. The commissioning of the project is expected to be done by June 2016 and the commercial operations of the same are scheduled to commence in July 2016. Since, the bank funding is yet to be sanctioned, KSIPL has project funding risk and hence the company is exposed to project implementation risk. KSIPL will also face intense competition in rice processing industry.

Kapex Supermarkets India Private Limited (KSIPL), incorporated in 2015, promoted by Mr. Kalathil Muhammed Bashir has around two decades of experience in this line of business. The company also has proximity to raw material as the unit being in Kochi (Kerala) which is a raw material sourcing area.

Rating Sensitivity Factors

- Timely completion of the project.
- Timely servicing of debt obligation.

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Outlook: Stable

SMERA believes KSIPL will maintain a stable business risk profile in the medium term. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations while achieving a healthy financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation.

About the Company

KSIPL is a newly incorporated Ernakulum (Kochi)-based rice milling company promoted by Mr. Kalathil Muhammed Bashir, Mr. Saidu Muhammed and Mr. Mohammed Navas Kalathil.

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