

May 26, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	1.90	SMERA B/Stable (Assigned)
Cash Credit	4.00	SMERA B/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) to the Rs.5.90 crore bank facilities of Keshav Khanak Seeds Private Limited (KKSPL). The outlook is '**Stable**'. The rating is constrained by the company's small scale of operations, stretched working capital cycle and weak financial risk profile. The rating also notes that the profit margins are susceptible to raw material price volatility and intense competitive pressures. However, the rating draws comfort from the promoter's extensive industry experience.

Outlook: Stable

SMERA believes that the company will maintain a stable business profile owing to its promoter's extensive industry experience and established relations with customers. The outlook may be revised to 'Positive' if the company improves its financial risk profile, registers growth in revenue, improves profitability and effectively manages its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability, decrease in revenue or if the company registers further deterioration in its financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations while maintaining profitability margins
- Improving the financial risk profile
- Efficient working capital management

About the Company

Incorporated in 2011, KKSPL, a Nagpur-based company was promoted by Mr. Satpal Keshavdas Hassani and Mrs. Kesar Satpal Hassani. The company is engaged in the processing and trading of paddy seeds and has an installed capacity of 48 metric ton per day.

For FY2014-15, KKSPL reported net profit of Rs.0.09 crore on operating income of Rs.6.11 crore as compared to net profit of Rs.0.04 crore on operating income of Rs.3.66 crore in FY2013-14. The company's net worth stood at Rs.4.64 crore (including unsecured loan of Rs.3.49 crore) as on March 31, 2015, as compared with Rs.0.07 crore a year earlier. The company has already achieved ~Rs 12.75 crore (provisional) of revenue for the period April 01, 2015 to December 31, 2015.

Disclaimer: A SMERA 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. SMERA 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, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA 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. SMERA 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.smera.in) for the latest information on any instrument rated by SMERA.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
<p>Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91 9892306888 Email: suman.m@smera.in Web: www.smera.in</p>	<p>Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-011-4973 1312 Email: parimal.thakker@smera.in</p>	<p>Tel: +91-22-6714 1184 Email: ratingdesk@smera.in</p>

Disclaimer: A SMERA 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. SMERA 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, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA 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. SMERA 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.smera.in) for the latest information on any instrument rated by SMERA.