

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.

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