

Press Release

Karomas Aromatics

July 22, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.80 Cr.
Long Term Rating	SMERA B / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B' (read as SMERA B)** and short term rating of '**SMERA A4' (read as SMERA A four)** on the Rs. 8.80 crore bank facilities of Karomas Aromatics. The outlook is '**Stable**'.

Karomas Aromatics (KA) is a Bangalore-based proprietorship concern established in 2017 by Mr. Rajesh Talesara. The firm trades in aromatic chemicals used in incense sticks, perfumes, soaps and tobacco. The firm is also an import agent of Takasago International Corporation, Japan, for aromatic chemicals in India.

Key Rating Drivers

Strengths

- **Experienced management**

The Proprietor, Mr. Rajesh Talesara has two decades of experience in the said line of business having led Karnataka Aromas in the past.

- **Moderate geographical diversification**

Around 50 per cent revenues are generated from the southern states and the balance from the west and north. The firm has around 75 customers spread across India. KA mainly caters to incense stick, perfume, soap and tobacco manufacturers.

Weaknesses

- **Nascent stage of operations**

The operations commenced from April 2017 and are at a nascent stage.

- **Modest scale of operations**

The scale of operations is modest with revenue of Rs 5.05 crore for two months ended May'17 (Provisional).

Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profiles of KA.

Outlook: Stable

SMERA believes that KA will maintain a stable outlook in the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of failure in achieving the projected revenues or deterioration in profitability. Going forward, the management of the working capital cycle will remain a key rating sensitivity.

About the Rated Entity - Key Financials**Status of non-cooperation with previous CRA (if applicable)**

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument<https://www.smera.in/criteria-complexity-levels.htm>**Rating History (Upto last three years)**

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA B / Stable
Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	5.80	SMERA A4

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