



K.S. Overseas Private Limited

Instrument	Amount	Rating
	In Rs. Crore	As on January 2015
Fund Based limits	60.00	[ICRA]BB-; (Stable)
Unallocated (Proposed Limits)	40.00	[ICRA]BB-; (Stable)

ICRA has assigned its [ICRA]BB- (pronounced ICRA double B minus) rating to Rs 100.00 crore* fund based and unallocated bank limits of K.S. Overseas Private Limited (KSOPL)[†]. The outlook on the rating is 'Stable'.

ICRA's rating takes into account the high intensity of competition in the rice milling industry, the company's limited presence in the branded basmati rice segment and agro climactic risks which the company is exposed to, and which can affect the availability of paddy in adverse weather conditions. The rating also factors in the company's weak financial risk profile as reflected in the company's moderate profitability which is however, in line with the industry trends, and its high gearing and weak interest coverage.

The rating however, positively factors in the company's long track record of operations in the basmati rice industry and the favorable demand – supply dynamics for the basmati rice industry. Further the rating also derives comfort on account of the proximity of the mill to major rice growing areas, which results in easy availability of paddy.

Going forward the ability of the company to maintain healthy growth in revenues and profitability; while maintaining a prudent capital structure and optimal working capital intensity will be the key rating sensitivities.

Company Profile

KSOPL was initially set up by Mr. Satpal Gupta in 1950 as a Hindu divided family (HUF). It was reconstituted as partnership firm in July 2011 and again reconstituted as a private limited company in March 2013. The Company is engaged in milling and processing of basmati Rice with an installed capacity of 16 tonnes/hour, at its facility located in Karnal, Haryana. The Company derives more than 60% of its revenues from the domestic market, with the remaining being contributed by export sales. The day to day operations of the company are managed by Mr. Pankaj Goyal who has more than 2 decades of experience in the rice milling business.

KSOPL markets its products in the domestic market under its own brand "Double Chabi" through a network of distributors covering 5-6 states; the rice is sold in packs of 5, 10, 25 and 40kgs. However, in the international market a significant proportion of its exports comprise unbranded sales (i.e. sales under private labels).

Recent Results

The company reported a profit after tax (PAT) of Rs. 1.66 crore on an operating income of Rs. 226.40 crore for FY14 as against a PAT of Rs. 1.69 crore on an operating income of Rs. 190.20 crore in the previous year.

January 2015

* 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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