



Rating Rationale

Kedia Guar Gum Private Limited

21th March 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 4.50 Crores of Kedia Guar Gram Private Limited, Churu, Rajasthan.

Particulars

| Facility Rated | Amount (Rs. Cr.) | Tenure | Rating* |
|-------------------|------------------|---|--|
| Fund Based | | | |
| Cash Credit | 4.00 | Long Term | BWR B (Pronounced as BWR Single B) (Outlook: Stable) |
| Term Loan | 0.50 | | |
| Total | 4.50 | INR FOUR CRORES AND FIFTY LAKHS ONLY | |

**Please refer to BWR website www.brickworkratings.com for definition of the rating assigned.*

Note: The aforesaid facilities are sanctioned/ availed from Bank of Baroda

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results for the period FY14 to FY16 of Kedia Guar Gum Pvt. Ltd ('the Company'), publicly available information and information/clarification provided by the Company's management/Bank. The rating necessarily factors in, the promoters experience in the Guar Gum industry, strategic locational advantage of the company, as Rajasthan is major Guar producing region in India and decent working capital cycle. The rating is constrained by highly competitive nature of the industry in which the Company operates, shown by thin net profit margins and vulnerability of the Company's profitability to agro climatic risks.

Rating Outlook: Stable

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Kedia Guar Gum Pvt. Ltd was founded in the year 2012-13 by Shri Naresh Kumar Kedia & Shri Rajkumar at Rajgarh, Churu District of Rajasthan for the manufacture of Guar Gum Split and allied products. The company is engaged in manufacture of Guar Gum and allied products like Guar Meal Churi and Guar Meal Korma. Guar Gum Refined Split is refined endosperm derived from guar seed or cluster bean (cyamoperm tetragonoloba). Guar Meal Churi & Guar Meal Korma is used as a valuable cattle feed as they are rich in protein.



The Directors of the Company, Shri Naresh Kumar Kedia and Shri Raj Kumar oversee the entire day to day operations and administration of the Company. The Promoter- Directors have been in the field of Guar Gum over a few decades.

Company Financial Performance

The company reported Net Sales of Rs.49.75 Cr. in FY 16 compared to Rs.62.71 Cr. in FY15. The operating profit for FY16 slightly increased to Rs. 0.66 Cr. from Rs. 0.62 Cr. in FY15. The Net profits stood at Rs.0.10 Cr. in FY16. The tangible net worth of the company for the FY16 stood at Rs.3.17 Cr. compared to Rs. 3.08 Cr. in FY15. The company has interest free unsecured loan from promoters and friends of Rs.0.82 Cr. The Total Debt stood at Rs.4.49 Cr. in FY16.

Rating History for the last three years (including withdrawn/suspended ratings)

| Sl. No. | Instrument/Facility | Current Rating (Year 2017) | | | Rating History | | | |
|-------------------|---------------------|----------------------------|-----------------|-------------------------|-----------------|--------|------|----|
| | | Type | Amount (Rs Crs) | Rating | 2016 | 2015 | 2014 | |
| Fund Based | | | | | Amount (Rs Crs) | Rating | | |
| 1 | Cash Credit | Long Term | 4.00 | BWR B (Outlook: Stable) | NA | NA | NA | NA |
| 2 | Term Loan | | 0.50 | | NA | NA | NA | NA |

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Sector](#)

| Analytical Contacts | Media |
|---|---|
| Hemant Sagare Senior Manager - Ratings analyst@brickworkratings.com | media@brickworkratings.com |
| | Relationship Contact bd@brickworkratings.com |
| Phone: 1-860-425-2742 | |



For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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