

December 03, 2014

Facilities	Amt (Rs. Crore)	Rating
Corporate Loan	5.75	SMERA D (Assigned)
Term Loan	8.81	SMERA D (Assigned)
FITL	5.30	SMERA D (Assigned)
Cash Credit*#	9.00	SMERA D (Assigned)
Working Capital Term Loan	30.74	SMERA D (Assigned)
Bank Guarantee	0.50	SMERA D (Assigned)
Credit Exposure Limit	0.12	SMERA D (Assigned)

*Includes Export Packing Credit as a sublimit to the extent of Rs.2.50 crore

#Includes Letter of Credit as a sublimit to the extent of Rs.3.00 crore

SMERA has assigned a rating of '**SMERA D' (read as SMERA D)** to the Rs.60.22 crore bank facilities of KDAC Chem Private Limited (KCPL). The rating is mainly constrained by the company's weak financial profile. The rating also factors in the recent restructuring of loans availed by the company.

KCPL, incorporated in 2003, is a Vadodara-based company engaged in manufacturing of aromatic chemicals used in fast-moving consumer goods. KCPL's manufacturing unit at Nadesari (Vadodara) has three plants, one of which was inoperative during November 2010 to October 2011 on account of a fire accident. Consequently, the company's revenues declined sharply from Rs.71.38 crore in FY2010-11 (refers to financial year, April 01 to March 31) to Rs.30.21 crore in FY2011-12. KCPL reported losses in FY2011-12 and FY2012-13. Although KCPL registered operating profit (OPBDIT) of Rs.5.38 crore in FY2013-14, the company reported net loss was Rs.6.17 crore during the same year. KCPL's net worth is eroded by accumulated losses. The company's weak operating performance (since FY2011-12) has adversely affected the cash flows. KCPL's bank loans were restructured in August 2013.

About the company

KCPL (formerly known as Dhruv Transchem Private Limite) is a Vadodara-based company established in 2003 by Mr. Hasmukh Shah and Mr. Tansukhrai Gaur. KCPL is engaged in manufacturing of aromatic chemicals. The company has a manufacturing unit in Nadesari, Vadodara.

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SMERA RATINGS LIMITED

KDAC Chem Private Limited (KCPL)**Rating
Rationale**

For FY2013–14, KCPL reported net loss of Rs.6.17 crore on total income of Rs.49.60 crore, as compared with net loss of Rs.17.93 crore on total income of Rs.36.96 crore in FY2012–13. The company registered revenues of Rs.27.67 crore (provisional) during April 2014 to September 2014. KCPL reported negative net worth of Rs.9.09 crore as on March 31, 2014, as compared with negative net worth of Rs.5.93 crore a year earlier.

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