

**September 29, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	7.00	SMERA BB-/Stable (Assigned)
Buyer Credit	10.00	SMERA A4+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the above mentioned bank facilities of Kanchi Karpooram Limited (KKL). The outlook is '**Stable**'. The ratings are supported by the extensive experience of KKL's management, its long track record and market position in the camphor industry. These rating strengths are partially offset by the susceptibility of KKL's profitability to foreign exchange fluctuations and volatility in raw material prices.

**Outlook: Stable**

SMERA believes that KKL will continue to benefit from the experienced management and long track record of operations. The outlook may be revised to 'Positive' if the company scales up its operations along with improvement in profit margins leading to improvement in its business risk profile. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's cash accruals or deterioration in its working capital management leading to weakening of liquidity.

**Rating Sensitivity Factors**

- Scaling up of operations along with improvement in margins
- Improvement in its working capital management
- Future capital expenditure and its funding pattern

**About the Company**

KKL, promoted by Mr. Suresh Shah was incorporated in 1992 to manufacture and sell camphor and its by-products. The production facility of the company is located at Kancheepuram district, Tamil Nadu.

For FY2014-15, the company reported PAT (profit after tax) of Rs.0.25 crore on operating income of Rs.59.35 crore as compared with PAT of Rs.2.70 crore on operating income of Rs.63.57 crore for FY2013-14. For FY2015-16, Q1 the company registered revenue of Rs.12.63 crore.

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SMERA RATINGS LIMITED

## Kanchi Karpooram Limited (KKL)

*Rating  
Rationale*

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