

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.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Cell: +91-98208 02479 Email: antony.jose@smera.in Web: www.smera.in	Mohit Jain Vice President – Operations Tel: +91-22-67141106 Email: mohit.jain@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.