

April 23, 2016

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

SMERA has reaffirmed the 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**) on the above mentioned bank facilities of Kanchi Karpooram Limited (KKL). The outlook is '**Stable**'. The rating reaffirmation favourably factors in the long track record of the company and its established position in the camphor industry. However, the ratings remain constrained by the high dependence on import of alpha-pinene (used in the manufacture of camphor) and exposure to forex fluctuations.

Outlook: Stable

SMERA believes that KKL will continue to benefit from its 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. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues or sharp deterioration in the profit margins. Decline in the liquidity position of the company may also entail a 'Negative' outlook.

Rating Sensitivity Factors

- Scaling up of operations along with improvement in margins
- Efficient working capital management
- Future capex 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, KKL reported profit after tax (PAT) 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 in FY 2013-14. For 9MFY2015-16, the company registered revenue of Rs.42.31 crore.

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SMERA RATINGS LIMITED

Kanchi Karpooram Limited (KKL)

*Rating
Rationale*

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