

Press Release

Kider India Private Limited (KIPL)

03 February, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.15.00 Cr
Long Term Rating	SMERA B-/Stable (Assigned)

**Refer Annexure for details*

Rating Rationale

SMERA has assigned the rating of '**SMERA B-** (read as **SMERA B minus**)' on the Rs.15.00 crore bank facilities of Kider India Private Limited (KIPL). The outlook is '**Stable**'.

KIPL incorporated in 2008, is a Pune based company, engaged in the manufacture of store fittings.

List of key rating drivers and their detailed description

Weaknesses:

Modest scale of operations: The company has modest scale of operations with revenue of around Rs.13.57 in FY2016 and around Rs.14.00 crore from April to December, 2016 (Provisional).

Weak financial profile: The company incurred operating losses during the period under study (FY2014-FY2016) except in FY2015 where it has foreign exchange gain of Rs.11.28 crore.

With an aim to enhance capacity and storage, the company plans to set up a factory near its existing facility at Pune at a project cost of around Rs.6.94 crore to be funded through unsecured loans of Rs.2.09 crore and term loan of Rs.4.85 crore. The operations are expected to commence from May 2017. While the gearing is moderate at around 0.81 times as on 31 March, 2016, the same is expected to deteriorate due to addition of debt in the medium term.

The coverage indicators stood moderately low with interest coverage of 1.81 times and DSCR of 1.17 times in FY2016. However, the ability to generate profits and meet debt obligations would remain the key rating sensitivity.

Stretched liquidity position: The company has stretched liquidity position evident from high cash credit utilisation of around ~97 per cent from June to November, 2016.

Strengths:

Experienced management: Mr. Vinay Kothari and Mr. Sudhir Mehta possess entrepreneurial experience of over two decades in industries including automobile, engineering among others.

Reputed clientele: The reputed client base includes Samsung Stores, D 'Mart, Star Bazaar, Aditya Birla Retail to name a few.

Analytical approach: SMERA has considered the standalone financial and business risk profiles of the company to arrive at the ratings.

Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios & Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes KIPL will maintain a stable outlook owing to its promoters' entrepreneurial experience. The outlook may be revised to 'Positive' in case of significant increase in revenue and profitability, along with improvement in its capital structure. Conversely, the outlook may be revised to 'Negative' in case of decline in the operating margin, deterioration of capital structure, or if the company undertakes larger than expected debt funded capex.

About the Rated Entity

KIPL, incorporated in 2008 was a wholly owned subsidiary of Kider SAU. However in 2014, Mr. Vinay Kothari and Mr. Sudhir Mehta took over the company. The company is engaged in the manufacture of store fittings like modular fittings, checkout counters, display counters, lockers among others. The products are sold under the brand name 'Instor'. The factory is located at Shirur Taluka, near Pune.

For FY2015-16, KIPL reported net loss of Rs.0.75 crore on operating income of Rs.13.57 crore, as compared to net profit of Rs.8.00 crore on operating income of Rs.13.65 crore in FY2014-15.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	5.00	SMERA B- /Stable (Assigned)	-	-	-	-	-	-
Secured Term Loan	LT	10.00	SMERA B- /Stable (Assigned)	-	-	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Cash Credit	NA	NA	NA	5.00	SMERA B-/Stable (Assigned)
Secured Term Loan	NA	NA	March 2023	10.00	SMERA B-/Stable (Assigned)

Note on complexity levels of the rated instrument: <https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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