

Press Release

Kenrik Polymers Private Limited



D-U-N-S® Number: 87-689-3716

March 01, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 5.48 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B-**' (**read as ACUITE B minus**) to the Rs. 5.48 crore bank facilities of Kenrik Polymers Private Limited (KPPL). The outlook is '**Stable**'.

KPPL was incorporated in January 2016 by Mr. Kamlesh Upadhyay, Mr. Kamal Vyas, Mr. H.V. Bennur and Mr. N.V. Annigeri. The commercial operations are expected to start from mid-March 2019. The company will be engaged in manufacturing of agro gum derivatives and Ethoxylate products. The manufacturing plant is located at Gujarat with installed capacity of 2200 MTPA.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of KPPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Geographical location advantage**

The company is based out of Gujarat which is one of the major agro gum producing regions along with Rajasthan and Haryana. This leads to an easy availability of raw materials for the company. KPPL is located close to the air and sea ports which will be advantageous for the company's export business.

Weaknesses

- **Project implementation risk**

The project is scheduled to be completed in March 2019 at an estimated fund outlay of Rs.6.79 crore. The said project cost is to be funded from Rs.3.48 crore of bank loan and the balance from own sources. The company will receive technical and operational assistance from Lacimehc Protech Private Limited for a period of one year. Since the company is yet to receive requisite approvals which will be receivable only after the test run period, the said project is exposed to significant execution risk. Acuité believes that the timely completion of the project at the envisaged cost would be a key monitorable.

- **Intense competition**

KPPL is engaged in manufacturing of agro gum derivatives in the Gujarat region. There are a lot of organised and unorganised players for manufacturing and exporting of agro gum derivatives in Gujarat. Hence, the company faces intense competition from other players in the market.

Liquidity Profile

The company is planning to begin operations by the middle of March, 2019. The total project cost is expected to be around Rs.6.79 crore. The promoters will be contributing ~Rs.3.31 crore. The remaining cost has been financed through the bank and the same has been disbursed. The company's ability to generate adequate cash flows to support its term debt obligations of interest and principal will be a key rating sensitivity.

Outlook: Stable

Acuité believes that the outlook on KPPL will remain 'Stable' over the medium term on account of technical and operational assistance to be received from Lacimehc Protech Private Limited for a period of one year. The outlook may be revised to 'Positive' if the company achieves higher than expected growth in revenues while improving profitability. Conversely the outlook may be revised to 'Negative' in case of delay in project implementation lower than expected growth in revenues and decline in profitability.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
EBITDA	Rs. Cr.	0.00	-0.01
PAT	Rs. Cr.	0.00	-0.01
EBITDA Margin	(%)	0.00	0.00
PAT Margin	(%)	0.00	0.00
ROCE	(%)	0.00	-6.30
Total Debt/Tangible Net Worth	Times	-33.82	-29.70
PBDIT/Interest	Times	0.00	-46.01
Total Debt/PBDIT	Times	0.00	-32.21
Gross Current Assets (Days)	Days	0	0

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE B- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	3.48	ACUITE B- / Stable

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About Acuité Ratings & Research:

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