

December 24, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.00 (enhanced from Rs.2.00 crore)	SMERA BBB-/Stable (Reaffirmed)
Term Loan	2.00#	SMERA BBB-/Stable (Reaffirmed)
Letter of Credit	3.00 (enhanced from Rs.1.00 crore)	SMERA A3+ (Reaffirmed)

#Rs.0.50 crore has been repaid

SMERA has reaffirmed the ratings of '**SMERA BBB-**' (read as **SMERA triple B minus**) on the Rs.6.00 crore long-term bank facilities (enhanced from Rs.2.00 crore) and '**SMERA A3+**' (read as **SMERA A three plus**) on the Rs.3.00 crore short-term bank facility (enhanced from Rs.1.00 crore) of Kenda Farben India Private Limited (KFIPL). The outlook is '**Stable**'. The ratings continue to draw support from the company's experienced management and healthy financial risk profile. However, the ratings are constrained by the company's small-scale operations in an intensely competitive segment of the chemical industry.

Update

KFIPL's net sales increased from Rs.24.27 crore in FY2012-13 (refers to financial year, April 01 to March 31) to Rs.31.52 crore in FY2013-14. The company's debt-equity ratio stood at 0.95 times as on March 31, 2014, as compared with 0.90 times a year earlier. KFIPL's operating profit margin increased from 12.57 per cent in FY2012-13 to 13.94 per cent in FY2013-14 on account of decline in material cost. The company's net profit margin improved from 5.40 per cent in FY2012-13 to 6.86 per cent in FY2013-14. KFIPL has set up a new factory unit in Noida, with installed manufacturing capacity of 1,560 metric tonnes per annum (MTPA).

KFIPL continues to benefit from its experienced management. Mr. Gaurav Malik, director of KFIPL, has around two decades of experience in the chemical industry. KFIPL's healthy financial risk profile is reflected in debt-equity ratio of 0.95 times as on March 31, 2014 and interest coverage ratio of 7.31 times in FY2013-14.

Notwithstanding healthy revenue growth, the company has small-scale operations marked by revenue of Rs.31.52 crore in FY2013-14. KFIPL operates in a highly competitive segment of the chemical industry.

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.

Outlook: Stable

SMERA believes KFIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenues and profitability while maintaining healthy financial risk profile. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile or working capital management

About the company

KFIPL is a Noida-based company engaged in manufacturing of chemicals used in the footwear industry. The company was promoted in 1997 by Mr. Gaurav Malik, Mr. Jaspal Singh Sawhney and Mr. Parmeet Singh Sawhney. KFIPL has a manufacturing unit in Noida, with total installed capacity of 1,560 MTPA.

For FY2013-14, KFIPL reported profit after tax (PAT) of Rs.2.17 crore on operating income of Rs.31.52 crore, as compared with PAT of Rs.1.31 crore on operating income of Rs.24.27 crore in FY2012-13. The company's net worth stood at Rs.11.43 crore as on March 31, 2014, as compared with Rs.9.05 crore a year earlier.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal Vice President – SME Sales Tel: +91-22-6714 1177 Cell: +91 9930074009 Email: virendra.goyal@smera.in Web: www.smera.in	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 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.