



March 3, 2010

ICRA assigns LBB- and A4 ratings to the bank facilities of Kamdhenu Polymers Private Limited

ICRA has assigned an LBB- (pronounced L double B minus) rating to the Rs. 10.0 million Cash Credit facility of Kamdhenu Polymers Private Limited (KPPL). The outlook on the rating is stable. ICRA has also assigned an A4 (pronounced A four) rating to the Rs. 65.0 million non-fund based limits of KPPL[†].

The ratings are constrained by the low profit margins typical of the trading business, low cash accruals, intensive competitive pressure from the unorganized players, stretched financial risk profile resulting from net worth erosion coupled with increasing debt levels, and significant loss suffered by the company in 2008-09. Moreover, KPPL is exposed to the volatility in polymer prices and foreign exchange rate fluctuations arising on account of imports of traded goods. The rating however takes into account the long and proven track record of KPPL's promoters in the Polymer trading business, the company's established relationships with its key customers and suppliers, and its moderate working capital intensity.

About the company

Kamdhenu Polymers Private Limited (KPPL) was incorporated in 1998 as a part of Shyam Group. KPPL has been promoted by Mr Chandra Prakash Ramsisaria, Mr. Murli Manohar Saraf and Mr. Vijay Shankar Saraf. The company is primarily involved in importing of plastic granules and distribution of the same in the local market.

KPPL reported a net loss of Rs. 70.87 million on net sales of Rs. 456.16 million in 2008-09. The company reported net revenues of Rs. 328.74 million and profit of Rs 31.57 million in the 6 months ended 30th September, 2009.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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