

Cooper Gaskets Private Limited: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Cash Credit	5.20	SMERA B-/Stable (Suspension Revoked; Rating Assigned)

SMERA has revoked the suspension of rating on the abovementioned Rs.5.20 crore bank facility of Cooper Gaskets Private Limited (CGPL) and assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**). The outlook is '**Stable**'. The rating is constrained by the small scale of operations, working capital intensive business and stretched liquidity with 100 per cent utilisation of bank limit. The rating is also constrained by the intense competition in the auto component industry. However, the rating draws support from the experienced management.

CGPL has achieved operating income of Rs.6.09 crore (Provisional) in FY2015-16, a decline from Rs.7.04 crore in FY2014-15. The company's moderate financial risk profile is marked by small scale of operations of Rs.7.04 crore with net profit of Rs.0.12 crore in FY2014-15 and moderate gearing (debt-to-equity) of 1.02 times as on March 31, 2015 against 1.10 times in FY2013-14. Moreover, the interest coverage ratio stood at 1.45 times in FY2014-15 against 1.38 times in FY2013-14. The company registered PAT margin of 1.75 per cent in FY2014-15 as against 2.03 per cent in FY2013-14. CGPL operates in an intensely competitive segment of the auto component industry.

However, the company benefits from the extensive experience of its promoters, Mr. M.R Batta and Mrs. Veena Batta, in the auto component industry.

Outlook: Stable

SMERA believes CGPL will maintain a stable outlook in the medium term owing to its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenues and cash accruals while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

Rating Sensitivity Factors

- Improvement in revenue and profitability profile
- Improving working capital cycle

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

CGPL, incorporated in 1978, is a Haryana-based company promoted by Mr. M.R Batta and Mrs. Veena Batta. The company is engaged in the manufacture of auto components such as gaskets, shims, washers and felt rings at its facility at Panchkula. The promoters have around three decades of experience in the industry.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.12 crore on operating income of Rs.7.04 crore, as compared with profit after tax (PAT) of Rs.0.12 crore on operating income of Rs.5.76 crore in FY2013-14. The net worth stood at Rs.5.26 crore as on March 31, 2015 against Rs.5.05 crore a year earlier.

Rating History

Date	Facilities	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
23 Nov, 2015	Cash Credit	5.20	SMERA D (Suspended)	-	-
25 August, 2014	Cash Credit	5.20	SMERA D (Assigned)	-	-

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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