

September 24, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>10.00</b>	<b>SMERA BB-/Stable (Assigned)</b>
<b>Cash Credit - Proposed</b>	<b>10.00</b>	<b>SMERA BB-/Stable (Assigned)</b>

SMERA has assigned a long term rating of '**SMERA BB-**' (read as SMERA double B minus) to the above mentioned bank facilities of Chowel India Private Limited (CIPL). The outlook is '**Stable**'. The rating derives comfort from the company's experienced management and moderate financial risk profile aided by funding support from the parent company. However, the ratings are constrained by the company's working capital intensive nature of operations.

### **Outlook: Stable**

SMERA believes CIPL will continue to benefit over the medium term from its experienced management and moderate order book position. The outlook may be revised to 'Positive' in case of improvement in cash accruals and working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower than expected revenues or profitability or deterioration in the working capital management leading to stretched liquidity.

### **Rating Sensitivity Factors**

- Efficient working capital management.
- Future capital expenditure and its funding profile.

### **About the Company**

CIPL incorporated in 2001, is a wholly owned subsidiary of Chowel Corporation Ltd, Korea. The company generates maximum revenues from manufacture of auto parts such as cowl bar, seat frames and minor spare parts.

For FY2014-15, the company reported profit after tax (PAT) of Rs. 0.97 crore on operating income of Rs. 80.23 crore as compared with PAT of Rs. 0.17 crore on operating income of Rs.83.16 crore for FY2013-14.

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