

**October 07, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	28.40	SMERA BB/Stable (Assigned)
Letter of Credit	2.45	SMERA A4+ (Assigned)
Bank Guarantee	0.88	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB**' (read as **SMERA double B**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.31.73 crore bank facilities of C.P Re-Rollers Limited (CPRL). The outlook is '**Stable**'. The ratings derive comfort from the company's above-average financial risk profile marked by healthy networth and gearing levels, improving trend in operating margins and extensive experience of the promoters in the steel industry. However, the ratings are constrained by the working capital intensive nature of operations, volatility of raw material prices and intense market competition.

Outlook: Stable

SMERA believes CPRL will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenues while achieving sustained improvement in profit margins and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case the firm fails to achieve the projected revenues, or in case of deterioration in the firm's financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity Factors

- Scaling up of operations and maintaining profit margins
- Working capital management

About the Company

CPRL, incorporated in 2000, is a closely-held public limited company engaged in the manufacture of ingots, TMT bars and structural steel products such as MS rounds, angles and channels. The company is promoted by Mr. Kumar Chand Chawla and Mr. Dilip Chawla. The manufacturing facility of the company is located at Durgapur, Kolkata.

CPRL reported profit after tax (PAT) of Rs.1.15 crore on operating income of Rs.122.05 crore (provisional) for FY2014-15, as against PAT of Rs.2.23 crore on operating income of Rs.118.44 crore in FY2013-14.

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SMERA RATINGS LIMITED

C.P Re-Rollers Limited (CPRL)

Rating
Rationale

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