

January 11, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	2.00	SMERA BB+/Stable (Assigned)
Term Loan I	0.84	SMERA BB+/Stable (Assigned)
Term Loan II	8.00	SMERA BB+/Stable (Assigned)
Standby line of Credit	0.40	SMERA BB+/Stable (Assigned)

**Rs.1.00 crore interchangeability with export packing credit and Rs.1.00 crore interchangeability with FOBP*

SMERA has assigned rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.11.24 crore bank facilities of Chopra Retec Rubber Products Limited (CRRPL). The outlook is '**Stable**'. The rating draws support from the company's experienced management and established relations with business partners. The rating also factors in the healthy financial risk profile backed by favorable profitability margins, comfortable leverage (debt-to-equity ratio) and coverage indicators. However, the rating is constrained by the low scale of operations and debt capex undertaken for Rs.12.00 crore in FY2015-16.

Outlook: Stable

SMERA believes that the company will maintain a stable business risk profile owing to the management's extensive experience in the automobile sector and established relations with customers. The outlook may be revised to 'Positive' in case of substantial increase in revenues while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of significant decline in profitability and capital structure.

Rating Sensitivity Factors

- Scaling up of operations while maintaining working capital
- Timely completion of the new project

About the Company

Incorporated in 1997, CRRPL is a Lucknow-based company promoted by Mr. Kiron Chopra. The company manufactures rubber parts such as gaskets, brackets, mesh rings among others for the automotive industry and exports the same to Europe, UK, USA among others.

For FY2014-15, CRRPL reported net profit of Rs.1.64 crore on operating income of Rs.13.26 crore, as compared with net profit of Rs.2.03 crore on operating income of Rs.12.38 crore in FY2013-14. The net worth stood at Rs.7.42 crore as on March 31, 2015, as compared with Rs.6.17 crore a year earlier. The company achieved revenues of Rs.9.10 crore (provisional) for the period April to November 2015.

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Chopra Retec Rubber Products Limited (CRRPL)

*Rating
Rationale*

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