

### Chopra Lam Products Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	4.00	SMERA B+/Stable (Assigned)
Foreign Letter of Credit	5.00	SMERA A4 (Assigned)
Long Term (Proposed)	0.62	SMERA B+/Stable (Assigned)

SMERA has assigned long-term rating of **'SMERA B+' (read as SMERA B plus)** and short-term rating of **'SMERA A4' (read as SMERA A four)** on the Rs.9.62 crore bank facilities of Chopra Lam Products Private Limited (CLPPL). The outlook is **'Stable'**.

The ratings draw support from the established operations and experienced management. However, the ratings are constrained by the small scale of operations, working capital intensive business, and high gearing. The ratings also factor in the intense competition in the laminated board industry.

CLPPL is engaged in the manufacture of pre laminated particle boards and medium density fibre boards since 2007. The company's operating income declined to Rs.21.42 crore in FY2015-16 (Provisional) from Rs.22.41 crore in FY2014-15. The moderate financial risk profile is marked by small scale of operations with high gearing (debt-to-equity) of 5.87 times as on March 31, 2015 and moderate liquidity profile (75 per cent bank limit utilised during the period October 2015 to March 2016). Moreover, the interest coverage ratio stood at 1.40 times in FY2014-15. The company registered profit after tax (PAT) margin of 0.62 per cent in FY2014-15 as against 0.80 per cent in FY2013-14. CLPPL operates in an intensely competitive segment of the laminated board industry.

#### Outlook: Stable

SMERA believes CLPPL will maintain a stable outlook in the medium term owing to the established operations and extensive experience of the promoters. The outlook may be revised to 'Positive' in case of significant improvement in operations and profitability. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates.

#### Rating Sensitivity Factors

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

#### Criteria applied to arrive at the ratings:

- Manufacturing Entities

## About the Company

CLPPL, incorporated in 2007, was promoted by Mr. Sanjay Chopra, Mr. Kamlesh Chopra and Mr. Jitendra. The company manufactures pre laminated particle boards and medium density fibre boards at its manufacturing unit at Chennai, Tamil Nadu.

For FY2014–15, the company reported profit after tax (PAT) of Rs.0.14 crore on operating income of Rs.22.41 crore, as compared with profit after tax (PAT) of Rs.0.19 crore on operating income of Rs.23.73 crore in FY2013–14. The net worth stood at Rs.1.24 crore as on March 31, 2015 against Rs.1.10 crore a year earlier.

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## ABOUT SMERA

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