

Press Release

Chicago Blower India Private Limited

February 10, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 20.21 crore
Long Term Rating	ACUITE B (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 20.21 crore bank facilities of Chicago Blower (India) Private Limited (CBIL). This rating is now withdrawn and is based on best available information.

The rating has been withdrawn on account of request received from the company and NOC received from the banker.

Chicago Blower India Private Limited (CBIL) based at Ahmedabad (Gujarat) was incorporated in 2011. The company is a group company of 'Draft-Air India Pvt Ltd'. The company is leading manufacturer, supplier and exporter of a variety of fans and blowers for U.S.A. based Chicago Blowers Corporation. It caters to industry such as petrochemicals, refinery and milk processing to name a few. The manufacturing unit is located at Vatva GIDC area (Gujarat) with installed capacity of 2000 MTPA.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of CBIL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

The key Promoter of CBIPL, Mr. Gunvant Panchal has over four decades of experience in same industry through his association with Draft Air India Pvt Ltd. (parent company) and other firms. Other Directors, Mrs. Mina Panchal, Mr. Prakash Panchal and Mr. Sainitesh Panchal also have over two decades of experience through their association with parent company and others in the same industry.

- **Healthy brand association and parent support**

CBIPL enjoys synergy from established brand and market position of 'Chicago Blowers Corporation (U.S.A.)' in the Indian market. It also benefits from the technical support provided by Chicago Blowers Corporation (U.S.A.). The company also is able to benefit from the established market position of the parent company 'Draft-Air India Private Limited'.

Weaknesses

- **Average financial risk profile**

The financial risk profile is marked by moderate net worth of Rs. 7.10 crores as on 31 March, 2019 as against Rs.2.00 crores (includes quasi capital in form of unsecured loans of Rs.1.18 crore) as on 31 March, 2018. The gearing (debt-equity) stood at 2.31times as on as on 31 March, 2019 as against 1.48 times as on 31 March, 2018. The Interest coverage ratio stood at 2.47 times in FY2019 and 4.73 times in FY2018. The Debt Service Coverage Ratio stood at 1.54 times in FY2019 and 4.31 times in FY2018.

• Nascent stage of operations

The company is exposed to risks related to nascent stages of operation which is reflected in its revenue profile. The scale of operations is small as reflected in operating income of around Rs.11.82 crore for FY2019 and Rs. 8.02 crore in FY2018. Further, the company has undertaken expansion project which has led to significant deterioration in overall financial risk profile of the company. Acuité believes timely funding and completion of project will remain key sensitivity factor.

Liquidity Position: Adequate

CBIL liquidity is slightly stretched marked by low net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs. 0.57 crore, while its maturing debt obligations were in the range of Rs.1.90 crore over the FY2018-19. The cash accruals of the company are estimated to remain around Rs.0.60 – 2.00 crore during 2020-22 while its repayment obligation is estimated to be around Rs.1.90-Rs.2.00 Crore. The current ratio of the company stands low at 0.77 times as on March 31, 2019.

Rating Sensitivities

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	11.82	8.02
PAT	Rs. Cr.	0.29	0.40
PAT Margin	(%)	2.43	5.04
Total Debt/Tangible Net Worth	Times	2.31	1.48
PBDIT/Interest	Times	2.47	4.73

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups

Material Covenants

None

Applicable Criteria

- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Application of Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
22-Nov-2018	Proposed Long Term Loan	Long Term	14.00	ACUITE B/Stable (Reaffirmed)
	Cash credit	Long Term	2.50	ACUITE B/Stable (Assigned)
	Term Loan	Long Term	1.06	ACUITE B/Stable (Assigned)
	Proposed Cash credit	Long Term	1.75	ACUITE B/Stable (Assigned)

	Bank Guarantee	Short Term	0.90	ACUITE A4 (Assigned)
13-Jul-2018	Proposed Long Term Loan	Long Term	14.00	ACUITE B / Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	14.00	ACUITE B (Withdrawn)
Cash credit	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE B (Withdrawn)
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.06	ACUITE B (Withdrawn)
Proposed Cash credit	Not Applicable	Not Applicable	Not Applicable	1.75	ACUITE B (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.90	ACUITE A4 (Withdrawn)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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